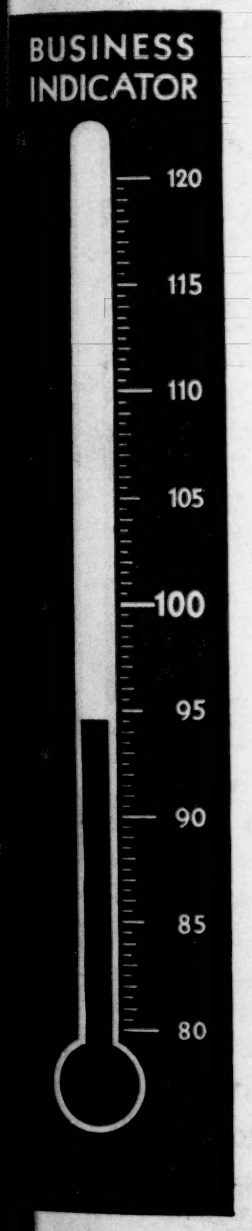
JUN 2 1930

JUNE 4, 1930

THE BUSINESS WEEK



BUSINESS is fair, but disappointingly flabby. Becalmed between seasons in a slightly off year, it seems slack chiefly because it doesn't, and naturally wouldn't, pick up much in these months. . . . . The best that can be said for it is that in some respects it's better than normal for the season, but generally below normal for the year. Our preliminary index for this week fell 2.9 points, from 97.5% to 94.6% of normal, as compared with 107.7% last year. . . . . Prophecies of prolonged depression based on the inertia of current improvement are becoming popular, but they are still premature and mainly products of a nostalgia for the boom statistics and stuttering tickers of recent years. Normality is terribly dull when you're not used to it. . . . . It is true that international and domestic political conditions are badly muddled just now and will cause a peck of trouble before they are straightened out. But the tonic power of easier money has not yet been fully tested. Our index of credit expansion is still below normal and does not indicate any basis for improvement in business within the next three months. . . . . Lower central bank rates have obviously failed so far to stimulate adequate credit expansion because of the frozen condition of many bank portfolios. These will have to be thawed out before business can make much headway, and this may mean time and trouble.

15 CENTS

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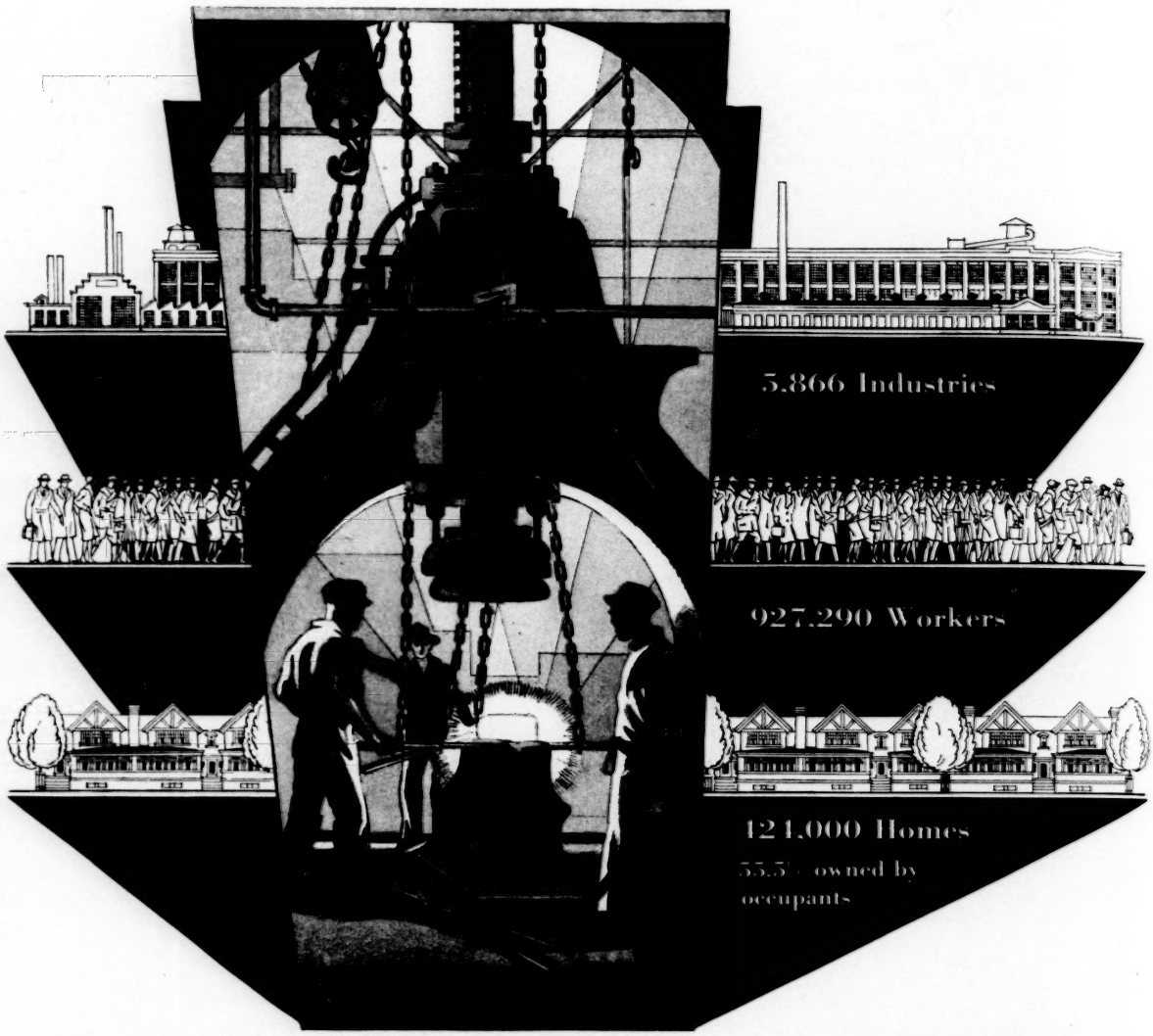

PHILADELPHIA WORKERS

. . . *Take Real Pride in Their Work*

EDWARD G. BUDD
A Great National Manufacturer

Says: **"The Philadelphia worker gives more service per dollar and better work than those of other cities with which I am familiar and I am more sold on the value of labor in this city than ever before."**

INDUSTRIAL LEADERS wishing to put production into high gear *and keep it there* should come to Philadelphia where they can do so economically . . . Generation after generation of Philadelphia workmen have been noted for the intelligent skill and craftsmanship which they have brought to their work.

Send for booklet on Philadelphia Labor, using your own business letterhead. Address Department S.

PHILADELPHIA BUSINESS PROGRESS ASSOCIATION
1442 Widener Building, Philadelphia

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What's In This Issue —And Why

Railroads

RAILROADS have another grudge against the Hoch-Smith resolution. Under its powers the I. C. C. has just made drastic changes in freight rates on iron and steel. Shippers, too, are protesting. All this adds interest to the Supreme Court's decision, now due, in the Hoch-Smith "Challenge Case" (page 5)

YOU have wondered why shrewd railroad executives promote profitless air travel. The answer is that they are shrewd enough to know that the profit is coming, to make sure it comes *to* the railroads instead of *from* them (page 8)

Iron Ore

NOT sheer ambition for size, not mere financial manipulation, are behind the regroupings in the steel industry. Underlying these spectacular features is a grim struggle for the fast-diminishing supplies of high grade ores (page 19)

Agriculture

COMMISSION merchants, already incensed at Farm Board policies, find fresh cause for resentment in a new bill that will require them to take out Federal licenses (page 16)

EVEN farmers are somewhat restive under regulation. The demand that they pledge themselves to use Farm Board facilities exclusively is said to be causing trouble (page 10)

Books

PUBLISHERS have made the price cut-of-the-month. Beginning June 20, four of them are going to bring new fiction down to the level of the $1 reprint. Ten others say it can't be done (page 14)

Coal

WAGE cuts; cut-throat competition. The world's largest producer of bituminous announced the first, blamed the second this week. The industry's 2-year fight toward stabilization has ended in defeat (page 7)

Ships

EUROPE'S maritime conference calls for reductions in merchant tonnage—but can't be heard here above the jingle of taxpayers' money (page 16)

Automobiles

MOTOR car production apparently has set its pace for 1930—a good year compared with any other, save 1929 (page 11)

Russia

ARE we losing Russian orders or giving them away? Compared with March totals, the Soviet's April purchases dropped 55% in this country. Credit terms play a heavy role in the international competition (page 13)

RUSSIA has built its Turk-Sib railroad toward distant Turkestan—and toward economic independence. Now it can get cotton from its own South instead of ours (page 12)

Lumber

REASEARCH is lumber's answer to competition from other materials; astonishing results already have been achieved (page 18)

Cartels

STATUTE law sometimes is weaker than economic law. Europe's steel cartel, like other cartels, seems to be weakening despite governmental support (page 17)

RUBBER goes the same road; the May tapping holiday accomplished nothing; prices still sag, stocks still pile up (page 17)

Indicators

REPORTS from the 12 Federal Reserve Districts round out the picture of business. On the whole, they are encouraging (page 36)

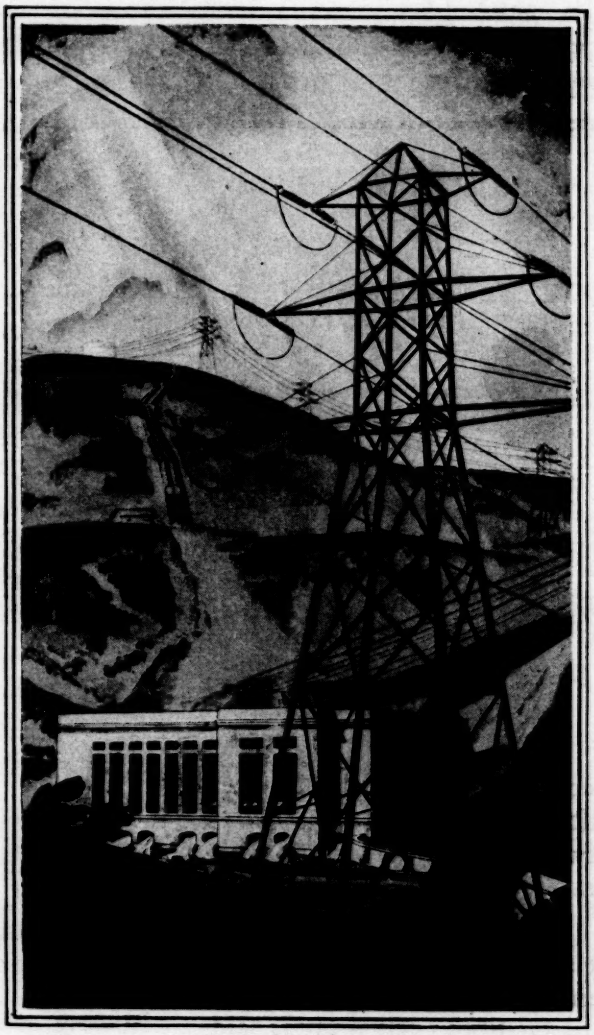
Power

SIDNEY ZOLLICOFFER MITCHELL is a name to conjure with—particularly in the power field. He who bears it may be the world's richest man. Yet "Who's Who" knows him not (page 22)

ECONOMICS OF THE ELECTRICAL INDUSTRY

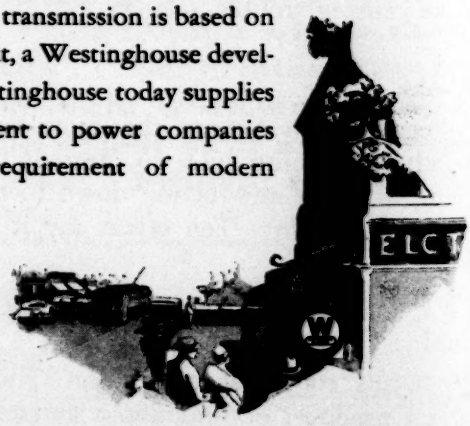
The Flow of POWER

speeds the flow of Production



Modern business is tuned to the rhythmical hum of the high-tension power line. Its insistent commands have broken down ancient geographical barriers as old as the first rude paddle-wheel mill. Where once we laboriously carried raw materials to the source of power we now flash power with effortless ease to the logical seat of our production activities — however remote it may be. There we put it to work driving machines, lifting burdens, bringing light, fresh air, heat and comfort—speeding production by making work easier and more pleasant, performing tasks impossible under old methods.

Electric power transmission is based on alternating current, a Westinghouse development, and Westinghouse today supplies electrical equipment to power companies to meet every requirement of modern business.



ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending May 31, 1930

Shippers and Railroads Protest New Rates on Iron and Steel

Revision Under Hoch-Smith Resolution Adds to Interest in "Challenge Case"

THE most drastic revision of freight rates in the history of the iron and steel industry now being an accomplished fact, officials of that industry and of the railroads were on the lookout this week for first effects. Beyond further complicating the unsteady demand and declining prices for finished steel and handicapping many structural steel fabricators in reaching their accustomed markets, the new rates have, as yet, had little effect, officials in both groups agree.

Affects Wide Territory

Based on mileage scales prescribed by the Interstate Commerce Commission under the Hoch-Smith resolution, the new rates affect practically every haul of iron and steel east of the Mississippi and north of the Ohio and Potomac rivers. In general, long-haul rates have been reduced and short-haul rates increased. A separate scale for the New England territory carries a differential of 10% above that applying to the remainder of the country.

The I. C. C. revision met with protests from all sections of the iron and steel industry affected, and from the railroads. Much of the unpopularity of the new rates arises from the fact that they will dislodge some trade and make extra work and trouble while buyers and sellers are learning the new alignments and adjusting their affairs accordingly. One source of objection seems to be that, while there are both increases and decreases in rates, higher rates will prevail generally on the short-hauls under which the vast bulk of steel moves.

Await Hearing

Meanwhile, the I. C. C. suspended this week the fourth section of its order pending a hearing June 17 at Washington. This provision practically shuts out the New York Central from the business of carrying Pittsburgh steel to the East by declaring that no route more than 50% longer than the short route may quote the same rate. Pittsburgh to New York is shortest over the Pennsylvania. Heretofore, steel has also moved from Pittsburgh to New York over the Pittsburgh & Lake Erie to Youngstown and then over the New York Central at the same rate, but the fourth section of the I. C. C. order would prevent that as the route through Youngstown is 50% longer than the short route.

I. C. C. action in announcing the iron and steel freight rate revision under the Hoch-Smith resolution has heightened interest in the so-called "Hoch-Smith Challenge Case" now pending before the United States Supreme Court, on which a decision is expected shortly.

To Help Industry

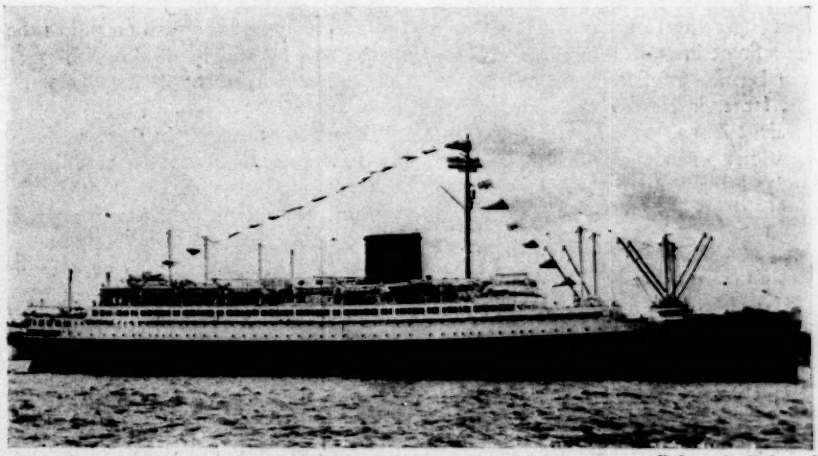
The Resolution, enacted in 1925, directed the I. C. C. to "consider the conditions prevailing in industries"; to investigate the rate structure of railroads with particular reference to rates on agricultural products with a view to "such lawful changes as will promote the freedom of movement of products of agriculture affected by the depression." First major case resulted in a reduction in western rates, followed, in 1927, by a cut in rates on California deciduous fruits to eastern destinations to aid an allegedly "depressed industry." The rail carrier involved brought the case to the Supreme Court on the ground that the commission's interpretation of the Resolution is unconstitutional.

Broad Questions Involved

Broad questions of policy are involved; industries of all kinds are affected. The Resolution, in effect, would make the I. C. C. the determining factor in industrial prosperity as between competing sections and producers. In the words of a former chairman of the commission, B. H. Meyers, "It not only authorizes, but it directs us to take into consideration commercial conditions. This is what may be termed the revolutionary effect of that piece of legislation."

Some authoritative comments on the Resolution:

Congressman Homer Hoch of Kansas, principal author of the measure, in an interview with a representative of *The Business Week*, stressed the importance of the Supreme Court's decision to industry in general as well as to



Underwood & Underwood

THE LAFAYETTE ARRIVES IN NEW YORK

The newest addition to the French Line is a 22,000-ton motor ship. She accommodates 591 first class, 334 tourist, and 142 third class passengers. Her hold includes a "floating garage" equipped to handle automobiles without crating

the railroads. Beyond that he did not care to go.

The U. S. Chamber of Commerce, in a report signed by Charles W. Lonsdale, chairman of its railroad committee, says: "We are strongly of the opinion that the purpose of any general readjustment of rates that may be made should be to distribute transportation costs equitably between all industries and territories, and that in no other way can the government's power of rate regulation be so exercised as to promote the national welfare."

"Economic Fallacy"

In the opinion of Charles C. Paulding, vice-president of the New York Central Lines, the Hoch-Smith Resolution is "the most sweeping and comprehensive declaration ever made by Congress on the subject of railroad rates." He regards it as affecting business "broadly and fundamentally"—as an "economic fallacy" in that it assumes that business depression can be cured by reduced freight rates. The importance of the impending Supreme Court decission is thus evident.

Charles E. Hughes, Jr., then solicitor-general, argued the case for the government that confiscation is not a factor in the case as "it is conceded that the Resolution is constitutional under the Fifth Amendment."

The determining of freight rates, in toto, upon the temporary depressions in any industry would create a hectic situation, in the opinion of many competent observers.

Observers also point out that the U. S. Supreme Court is fast becoming a railroad arbiter. Congress enacts rail legislation; the I. C. C. attempts to regulate the carriers accordingly, but the Supreme Court has the final word. Sometimes the Court qualifies its opinion. Sometimes it refuses to decide a case because of a technicality, but, by and large, it is now the supreme economic tribunal to which are referred questions of rates, valuations, labor, safety devices and the whole gamut of problems arising in the railroad field.

Company Unions Are Hit By Supreme Court Ruling

ORGANIZED labor won a notable victory in Supreme Court this week; won against its pet *bete noir,* the company union. In a dispute between the Brotherhood of Railway and Steamship Clerks and the Texas & New Orleans R.R.—a Southern Pacific line—the Court held that employees, in dealing with employers, have the right to choose their representatives without interference or coercion.

The railroad organized a company union which, it was claimed, was used to force employees to withdraw from the Brotherhood and whose representatives were recognized by the railroad in opposition to agents of the Brotherhood.

An injunction against the road was obtained in the lower federal courts; was disregarded and the road was cited in contempt proceedings. This brought an order to disband the company union and to recognize the Brotherhood. This decision was carried to the Supreme Court and was sustained.

The ruling sounds the death knell of company unions, in regard to railroads at least; is likely to have considerable influence upon company union activities in other industries, where no Labor Act exercises control as it does over railroads, but where the basic principle of freedom of choice in naming representatives might be made an issue before the courts.

Misbranding Rule To Test Trade Practice Policy

IN making its widely heralded withdrawal to a more legalistic position on the function and authority of the trade practice conference (*The Business Week,* April 30, May 14), the Federal Trade Commission has backed squarely into the Associated Knit Underwear Manufacturers of America.

After many years of struggle with the problem of misbranding, that organization believes it has found a solution in a trade practice rule which declares that the use of the word "wool" in advertising and labeling knit underwear is an unfair method of competition unless the percentage by weight of the wool content of each garment is stated on the label.

Expressing the thought that an industry has done all it can to establish a better conduct of business when it has adopted such a rule and that it is then up to the commission to support its effort, Roy A. Cheney, secretary of the association, says that unless the commission approves the misbranding declaration in the form proposed, the knit underwear manufacturers will abandon their attempt to suppress the evil it seeks to eradicate.

However, this industry and others which suspect that they have been "let down" find little encouragement in the recent statement of Garland S. Ferguson, commission chairman, that "some rules have been adopted at trade practice conferences and have been approved or received by the commission which are, to say the least, objectionable." While Mr. Garland says he has no doubt of the commission's right to receive resolutions which condemn practices which are unsound and uneconomical, though not unfair, "provided such rules do not permit a violation of the law," he indicates that the commission is going to draw the line very, very cautiously.

Will Tell the Story

What the commission does about the knit underwear manufacturers' request will show just how far its caution is actually going to go.

Meanwhile, the commission has made one concession asked for by the trade representatives who met in Washington to consider the new situation on May 14. It promised this week to withhold publicity on its action on future trade practice conference rules for 30 days, during which the industry concerned can file objection to changes or rejections which may have been made by the commission.

Keystone

NEW ENVOY

Hanford MacNider, former Assistant Secretary of War, has been named Minister to Canada by President Hoover. He has a distinguished war record and was one of the first national commanders of the American Legion

Soft Coal Industry Discouraged As Biggest Producer Cuts Pay

Constructive Forces Are Now Greatly Outnumbered In West Virginia Field, Says Consolidation Co.

ANNOUNCEMENT by the largest soft coal producer in the world, The Consolidation Coal Company, that it will abandon its 2-year attempt to help stabilize the industry through ending over-production and the cutting of wages and prices, is being discussed this week as of great significance not only to the coal field but to industries now considering plans for reducing cut-throat competition.

According to George J. Anderson, president of the company, in which John D. Rockefeller, Jr. has a large interest, the organization finds itself for the second time in 2 years on an isolated basis in the Fairmont (W. Va.) coal field. Competitors, said Mr. Anderson, have made several wage reductions, and wage scales alleged to be paid in the district have declined 15 to 25% below the scale established by the Consolidation Company and adhered to by that concern since 1928.

Wages Held Up

An investigation of the Fairmont field shows that there has been a steady disintegration of standards in that territory with many companies defaulting from a month to three months in wages, while some companies have been forced into bankruptcy. A representative of *The Business Week* in West Virginia was told that, at one time or another, 50% of the Fairmont field had held up pay days from 3 to 4 weeks.

One company in the district, operating 3 mines and producing an average of 1000 tons of coal daily, has on its payroll from 300 to 400 men who have received no pay for several weeks. Another company is defending a suit in the Taylor County Court brought by a group of its workers for back wages, some of which have been due since October, 1928. The employees of still another producer, finding last fall that no wages were to be had, the company store closed, and a long winter ahead, unloaded a car of consigned coal for use in their homes.

Two years ago the Consolidation Company announced the closing of its least efficient mines for an indefinite time in order to give as many miners as possible a regular work time under a proper wage basis. It was a plan which had been urged upon the coal industry from time to time, but had never been put into practice by a large producer. The hope was that other companies would follow Consolidation and thereby regularize miners' earnings, stabilize conditions, and minimize to a great extent cut-throat competition, which, it was charged, held the industry in an iron grip and was driving it farther along the path of disintegration. At that time *Coal Age* characterized the company's new policy as "marking the trail out of the economic jungle in which the industry has been stumbling," and added that "single-handed neither this company nor any other large producing unit can rescue the industry from its present plight. The benefits will come in proportion to the number of responsible operators willing to make their individual contributions and sacrifice to the cause of stabilization."

The present wage reduction of the Consolidation (12 to 14%) will affect 2,500 to 3,000 miners employed by the company in the Fairmont field. Mr. Anderson explained that his company had been compelled to take the step under the pressure of declining price levels and the policies of "irresponsible producers," who, he says, greatly outnumber constructive forces in the industry.

Utilities' 1930 Earnings Largest in History

THE REVENUE of electric light and power companies for April will show an increase of 2.5% over 1929 and 12% over 1928, according to present indications. The gain, although not large, means that 1930 earnings have been greater, month by month, than those in any previous year. April will show a smaller increase than March when compared with 1929.

Reports to *Electrical World* indicate that companies in the Middle Atlantic states enjoyed a rate of gain rather above the national average; in the Southwest the situation is even better. The great industrial area of the Upper Mississippi Valley continues low when gains are measured from 1929, but is even with the rest of the country if 1928 is taken as a starting point.

Underwood & Underwood

GERARD SWOPE

An informal picture of the president of the General Electric taken at Hot Springs, Virginia, just before his morning ride

When Air Travel Begins to Pay It Will Pay the Railroads

Profits May Still Be Some Way Off, But Officials Prefer a Present Loss to a Future Competitor

BUSINESS on coordinated rail-air routes is increasing to an extent which substantiates the statement, used in air circles, that "fare, not fear" is the principal deterrent to wider acceptance of the new form of travel. Railroads, once skeptical of air service, have passed through eras of indifferent cooperation and mild respect and are now showing some degree of enthusiasm.

Out of New York, Pennsylvania Railroad's Airway Limited averages 10 or 11 passengers nightly, who change at Columbus next morning to planes for Indianapolis, St. Louis, Kansas City, or the trip to Los Angeles in conjunction with the T. A. T.-Maddux Air Lines and the Santa Fe. New York Central offers connections and through tickets via Air Express, from Kansas City to the Coast. It averages 9 passengers nightly. And now come reports that the Southern Railway is considering joint air-rail service from New York to New Orleans. By changing to airplanes at Salisbury, N. C., passengers leaving New York on the 8:40 P. M. train could be landed at New Orleans at 5 the following afternoon. This train reaches New Orleans at 8:30 the second morning.

Divergent Views

Divergent views of the future of rail and air competition are expressed by rail traffic chiefs in interviews with *The Business Week*. L. F. Vosburgh, vice president, and Harry Parry, passenger traffic manager, of the New York Central, believe the railroads' experience with motor buses will, in part, be duplicated with the newest medium of transportation. C. H. Mathews, Jr., general traffic manager of the Pennsylvania, said: "There is no doubt in my opinion that rail carriers will continue to be the backbone of transportation for an indefinite period. Patronage now secured by air companies is, to a large extent, 'created travel' which has not been diverted from rail lines."

Said Mr. Vosburgh: "We have waited for air travel to develop naturally. The New York Central has no financial interest in any air companies, but we note a growing interest in air travel and are studying the situation carefully. Air travel has its place but it will probably never be disastrous to rails. In selling joint rail-air tickets we are only helping our patrons who desire to travel by air."

Viewing the situation complacently, Mr. Parry observed that because expansion of air lines can not be blocked by railroads, a moderate degree of cooperation is desirable. Passengers by air via the New York Central, he reports, are largely business executives traveling west from Cleveland by air to save time. Women, largely predominating in the early days of joint air-rail travel, have since decreased in number. Lower fares stimulated business, he finds, but adds that increase in air travel has been due more to added confidence than to reduced rates, judging by the type of passengers.

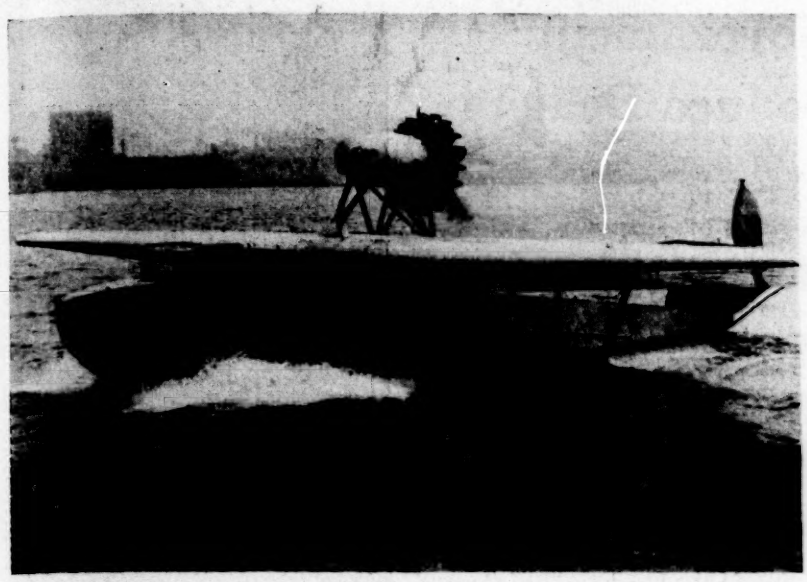
Similar views were expressed by Mr. Mathews of the Pennsylvania, who reports a steady increase in business, but with the percentage of women passengers growing. The Pennsylvania, with substantial financial interest in its air partner, regards the heavy loss sustained by the air line last year as a temporary matter. In joining hands with the T. A. T., it believes it is forestalling more active competition, with ultimate participation in earnings of the air lines.

Study Waters Bill

All railroads are studying carefully the Waters Bill, which permits passenger lines carrying mail to charge the government on a mileage rather than a weight basis, thus assuring a fixed earning per flight. The rate is 55 cents per mile for 12½ cubic feet of mail space. Depending on number of passengers, added sums up to 7½ cents accrue. Fifteen cents a mile for night flying and

A RAILROAD MAN'S HOLIDAY

Ralph Budd, taken with his granddaughter in the library of his home. The president of the Great Northern Railway left May 29 on the Europa for a three-month survey of the Russian railway system. Accompanying him are W. R. Wood, mechanical engineer, H. K. Dougan, civil engineer, and Homer Bassett, all of the Great Northern. The party plans to return via Yokohama late in August



WALL STREET FLIES TO GOLF

New York business men establish a 20-minute amphibian, and 60-minute speedboat service between their offices and Cragston, the old J. P. Morgan estate on the Hudson, now the Cragston Yacht and Country Club. Anthony Fokker flew the first plane

other payments for special hazards are provided, with similar subsidies for one-way and two-way radio service. Railroad officials view this act as a turning point in air transportation. Costs averaging up to 90 cents a plane-mile will be met in great part by the mail contracts, they point out, leaving the passenger revenues as profits to the air companies.

Present heavy operating costs are militating against profitable air operation, rail officials believe. Aside from possible effects of subsidies, they look to the building of larger planes, movement of more planes so that ground costs may be spread over a larger number of units, and more economical types of motors, to turn present deficits into profits. T. A. T. is generally understood to have lost a million dollars last year, making necessary heavy retrenchments in accessories to its service originally instituted.

Insures Bright Future

Says Mr. Mathews, on this score: "Reliable performance insures a bright future for the air industry and the keen interest displayed in air travel is an almost infallible indication of the increased patronage which eventually will be enjoyed by the larger companies. While present rates are low, it is probable they finally will become stabilized and it is a surety that commercial planes accommodating a greater number of passengers and operating on a more economical basis will be constructed, making possible the continuance of a reasonable basis of fare, possibly slightly higher than the cost of Pullman travel on the rail lines."

At average costs up to approximately $1 per plane-mile, the present 12-passenger ships would have to charge at least 8 cents a mile per passenger to split even. Most air companies now charge less than 5 cents. Only by operating 30-passenger ships, with improvements which will occasion no higher plane-mile cost despite the greater size, can present deficits be converted into a profit, disregarding the subsidies, it is pointed out.

General Aviation Will Be General Motors of the Air

A GENERAL MOTORS in the aviation industry is seen this week in the plans of the Fokker Aircraft Corporation (manufacturer and distributor) to change its name to General Aviation Corporation and become a holding company. The new firm will take over the present Fokker organization as a subsidiary and acquire the Dornier Company of America, in both of which General Motors has working control. Dornier was formed last October by General Motors and Fokker.

President Harris M. Hanshue of the Fokker Corporation has intimated that further properties will be acquired, and for this purpose his directors had recommended to stockholders an increase in the company's stock from 1 million shares of no par value to 5 million. It is expected that General Motors will have more than a majority of the outstanding stock.

Even without further properties, the General Aviation Corporation will take its place among the largest airplane manufacturing companies, with 5 plants in various parts of the country. The United Aircraft & Transport Corporation, holding company sponsored by the National City Company, operates 3 manufacturing units in addition to its many transportation companies, and the Curtiss-Wright consolidation forms another of the largest groups.

Controls Many Units

United Aircraft, holding company, now includes Pratt & Whitney Aircraft, air-cooled engine builders; Chance Vought Corporation, builders of the Navy Corsairs; the Boeing interests on the West Coast (including Boeing Air Lines, Pacific Air Transport, and the Boeing Aircraft Corporation of Seattle); Sikorsky; Hamilton Standard Steel Propellers; Stearman Aircraft; the Northrup Company of Los Angeles; and National Air Transport.

Curtiss-Wright is a holding company formed by the union of the Curtiss Aeroplane & Motor Corporation and the Wright Aeronautical Corporation, engages in the manufacture of many types of planes, propellers and engines and the operation of a nation-wide group of fields and flying schools. Among the units under its banner are the Keystone and its absorbed Loening company, builders of bombers, flying boats, and amphibians; Travel Air of Wichita, makers of sport, mail, and single-cabin planes; the De Haviland Moth Company of America, Curtiss Airports, New York Air Terminals.

William Wrigley Reaches For the Airsick Trade

"MOTHERSILLS" once dominated the "seasick" trade; may still. But if it has aspirations for the equivalent malady of the air it is running into stiff competition. William Wrigley has developed an "Air Travelers' Packet," is distributing it gratis at the rate of 100,000 a month. Each packet given to a passenger at the start of an air trip contains "P. K's" to combat air sickness, and a little envelop of Bauer & Black absorbent cotton for plugging the ears. T. A. T. and Pan-American Airways use the Wrigley packets.

New Bill Gives Government Firm Grip on Produce Dealers

Federal License Required of Every Seller of Perishable Crops; Federal Regulation Imposed

THE new Perishable Agricultural Commodities Act, which probably will pass Congress this session, may put a new and powerful weapon in the hands of the Farm Board and the government against the private commission merchants handling fresh fruits, vegetables, milk and dairy products. This bill, sponsored by Senator Borah, passed the Senate last year, passed the House two weeks ago and is now in the hands of a conference committee to adjust differences.

Six months after the bill becomes law commission merchants, dealers, and brokers handling perishable agricultural commodities will have to get a federal license from the Secretary of Agriculture, which will be revocable by the secretary on complaint. Commission merchants can be fined and held liable for damages arising from fraudulent charges, rejection of or failure to deliver products, dumping or destruction of products by commission merchants, false or misleading statements as to quality, quantity, or disposition of commodities sent to them, or as to market conditions, or for combinations to manipulate or control market prices.

This important piece of legislation is doubtless intended to eliminate many existing abuses in this field; but its immediate effect will probably be to add to the grievances and resentment toward the government which have already been developed to a high pitch among the commission merchants by Farm Board policies. It is another step in the process of building up a more direct distribution of farm products between the farmer and the consumer—or at least a system which is intended to give the farmer a larger share of the final price.

Underwood & Underwood

JAMES H. FARRELL

The president of U. S. Steel arrives in Los Angeles to preside at the National Foreign Trade Council

Farmers Who Want Federal Aid Must Use the Board Exclusively

FARM prices continue fairly steady. No wide movement seems likely until crop prospects are more definitely determined, which will not be for another month at least. As to price outlook, one guess is as good as another. Ours at this moment is that chances for much higher prices this year are slim.

Mr. Legge, Farm Board chairman, says the wheat surplus is moving abroad a little more rapidly. He doesn't look for much reduction of cotton acreage —not over 5%.

The Board hasn't much to do now by way of stabilizing prices. It is collecting a good supply of cotton but it isn't holding very much wheat. Policies for handling the next crop are not announced, if actually formulated. Some things are fairly clear. The Farmers National Grain Corporation is issuing a handbook of rules regarding its loan policies. The only declarations of importance are reiterations that loans will be given only on grain grown by farmer members of affiliated co-ops, and the promise that these loans will not be based upon any pegged price but will vary with the market.

Mr. Legge says the acquisition of grain storage and export companies like that involved in the Hall-Baker deal (*The Business Week*, May 28, 1930) doesn't mean anything except that they have facilities and organization which the Farmers Grain Corporation needs. Some think, however, it means that the private grain trade has taken a look into the future and decided to cash in while possible by selling out.

The Board is most emphatic now on its policy of requiring co-ops and farmer members to pledge themselves to use Farm Board facilities exclusively —not off and on, now and then, when it suits them, but under binding contract. The ground is that the Board and government can't loan money to acquire facilities, storage space, and so on to help farmers unless farmers pledge their support to justify such an investment. This requirement is causing some trouble.

Propaganda against the Farm Board grows more violent in the country press. The Board's attitude is careless, defiant, both of Chamber of Commerce and farmer criticisms.

The Board has troubles enough getting the co-ops to work together. It hasn't altered its determination to bring about centralized, national marketing. Fruits, vegetables, dairy products are instances where little or nothing has been accomplished so far.

The most difficult problem so far has been organization of the National Livestock Marketing Association. The final organization meeting is scheduled for June 10, but even then the outcome is still uncertain. As Legge says, "Whether it will prove to be a get-together or get-apart meeting we will know later."

The main difficulty is conflict between the livestock producer group favoring direct producer-packer marketing, and the cooperative commission handling group, represented by the Farmers Union Livestock commission firms, who want to continue present terminal marketing methods.

Automobile Industry's Pace For 1930 Appears to Be Set

Ford and Chevrolet Will Not Retain Their Runaway Markets, for New Models Will Help Other Lines

AUTOMOBILE production apparently will be at the rate set during the first four months, except for normal seasonal variation. No great pickup now is forecast for the last half year.

May production is expected to be but slightly above the 466,000 cars and trucks turned out in April; estimates for June and following months anticipate no great increases; decreases seem more probable.

Ford and Chevrolet continue to lead the procession. There are indications that their runaway market is slowing up. Other lines are likely to quicken pace. In June, Buick and Chrysler will operate at or near capacity, to supply dealers with new models to be announced in July. Other new models to be introduced by other makers will aid in keeping production at present levels should Ford and Chevrolet slow down.

Sales information for April from 11 states shows an 11% increase over March, but 41% decrease from April, 1929. Complete March figures show the same trends, but March 1930 sales surpassed all corresponding months of previous years with the single exception of 1929. During April, Ford sold 41% of the cars, Chevrolet 24%. Of all cars sold, 80% listed for less than $1000.

Foreign sales have dropped notably. For the first quarter, total sales abroad —including U.S. exports and Canadian output—were 194,000 compared with 305,000 a year ago. The ratio of our export business to total output has also declined from 19.7% in the first quarter of 1929 to 18.1% in 1930. Truck exports are holding up much better than those of cars. During the first quarter, 1930, 38.1% of trucks were exported, compared with 38.7% for the entire year 1929, and 43.2% for the first quarter.

Some of the new models expected to be announced during the coming months should stimulate interest. The entire Chrysler line—Chrysler, Dodge, Plymouth, De Soto—is reported undergoing refurbishing. Current Chryslers 60, 70, 77, and 80 are to be replaced by three straight eights, so one hears; the larger eight, replacing the Chrysler 80, is suspected of being something spectacular—perhaps a front drive. Buick is expected to turn to eights, with possibly three overhead valve straight-eight engines to replace the present Buick-Marquette line.

So much interest has been displayed in the Cadillac 16, producing sales considerably beyond expectations, that the company is said to be flirting with the idea of rearranging the line to have a LaSalle eight, a Cadillac 12 and 16.

Many other changes are in prospect.

Wide World

PARIS TO DETROIT

Jean Pierre Peugeot, French automobile maker, arrives on the Paris with his wife. They will tour American automobile factories

Casualty Insurance May Need a Shake-Up

THERE may be higher rates and stricter provisions ahead for at least some forms of casualty insurance. Reasons:

The underwriting profit margin shown by this form of insurance in 1928 turned into a deficit in 1929. The loss ratio for accident insurance rose from 44.2% in the former year to 48.2% in the latter—for which the insurance men blame the automobile. Automobile liability went from a profit of 0.3% in 1928 to a loss of 2.2% last year. Automobile property damage profits dropped from 6.2% two years ago to 1% in 1929. And automobile collision insurance, profitable in 1928, showed a loss last year.

Further findings for 1929: miscellaneous and mechanical lines showed a reasonable profit; burglary insurance recorded a slightly higher loss ratio, though it was still profitable for some companies; surety, bankers' and brokers' coverage took a higher loss ratio from unsettled financial conditions. Health insurance continued to be a losing proposition last year.

St. Louis Budgets $107,000 For Advertising Campaign

ST. LOUIS will spend more than $107,000 for municipal advertising during 1930-31, a budget having been approved recently by the Industrial Club of St. Louis. The program calls for newspaper, magazine, and direct mail advertising.

The city itself is appropriating $20,000 toward the advertising fund, as it has in the past, the balance being contributed by business leaders. This marks the tenth year of municipal advertising in St. Louis.

Part of the budget—$11,000—is to be spent for advertising designed to increase the foreign trade of St. Louis. So successful was this foreign trade campaign last year—drawing 1,000 inquiries, many resulting in orders for St. Louis goods—that citizens were unanimously in favor of continuing it.

Russia's New Turk-Sib Railroad A Move for Economic Freedom

Will Enable the Soviets to Exploit Cotton Lands And Develop Other Resources of Vast Hinterland

RUSSIAN engineers are proud of their new Turkestan-Siberian (Turk-Sib) railroad which has just been completed. Started in 1927, the entire line was surveyed and laid in 18 months less than scheduled time, or at a rate of 2½ to 4 kilometers a day. Used in the new line were 1,570 tons of rails, 6,867 tons of metal for metal structures, and 3,980 miles of telegraph wire. Costs are not definitely known yet but exceed $75 millions. All the rails and rolling stock for the 1,475 miles of the new line were supplied by Russian industry.

The project was a prewar scheme which the Soviets revamped to fit their plans of exploiting the rich cotton-growing area in the state of Kazakstan. One of the heaviest import expenses has been cotton. Purchases from the United States alone ran as high as $52 millions in 1928, dropped to $30 millions in 1927 as the domestic cotton-growing program developed.

Of equal economic significance to Russia is the fact that the region pierced by the railroad can now import wheat and lumber from Siberia where both are abundant and devote more of its area to semi-tropical crops. To the present extensive flocks of sheep (30,000,000 estimated) will be added large herds of cattle. Irrigation projects being developed along the Ili river under the direction of Arthur P. Davis, American engineer, will extend the present area of 1,500,000 acres devoted to cotton to 7,413,000 acres.

London Times

The Turk-Sib opens up an area as large as France and Germany and populated by about 6 million, largely nomadic, people. It extends from Semipalatinsk to Zugovaya, and joins the Tashkent-Orenburg line. From Semipalatinsk there is rail connection with the Trans-Siberian railroad.

The new line is not a finished job, as officials point out. It affords necessary goods transportation to and from a potentially important region. It makes it possible for the Soviets to develop more rapidly an important region. At present Semipalatinsk is speeding up production in its fertilizer plant to supply the new region, while the agricultural machine factory at Omsk is pushing an original order for 29,000 ploughs to be distributed to the irrigated farms along the Ili River.

Pacific & Atlantic

EAST MEETS WEST ON THE NEW RUSSIAN ROAD

Kazakstan children, part of the crowd of nomads that attended the festivities, take a good look at their first locomotive. Started in 1927, the new railroad opens up a territory half the size of Europe, with 6,000,000 people. Most of the grading was done with American machinery brought in by camels.

Anyhow, Mr. Mellon Takes Russia Seriously

As explained in *The Business Week*, May 28, 1930, some public officials do not consider that the danger of Russian industrial competition will ever be real. Others evidently not only think it *will* be real, but have already decided it *is* real, and have acted as we forecast they would (*The Business Week*, April 9, 1930), only much sooner than we thought, and before even any European country has done so.

Tucked away obscurely at the bottom of a column in the newspaper last week was this little note:

"Secretary Mellon has issued an anti-dumping order against safety matches from Russia, importation of which he found would be likely to injure the safety-match industry in the United States. The action of the Secretary places an embargo on matches from Russia."

Either Soviet safety matches are not safe for us, or they are more than a match for us.

Soviet Buying Here Down 55%; Europe Raises Bid for Orders

PURCHASES in the United States by the Amtorg Trading Corporation dropped in April to a total of $3,265,405, according to figures released this week from New York headquarters. This is a 55% decline from March, when purchases totaled $7,255,116.

No explanation for the decrease was given, though it is generally known that almost no orders are being placed at this time of year for agricultural equipment, largest item among the heavy orders placed during December, January, and February. Hints that German and British manufacturers are offering better credit terms have come to American business men (*The Business Week*, May 7). Pressed with unemployment and the need for new orders, many industries in European countries which have not carried on extensive trade with the Soviet are now entering into competition for orders. Probably a part of the decrease can be credited to the tightening of the credit screws by American business following the flood of adverse propaganda in this country.

Pacific & Atlantic

THE FIRST TRAIN GOES THROUGH

In Tartar boots, Mongolian padded jacket, and European cap, the youthful station master throws the switch for the first train through on the Turk-Sib railway. Fifty thousand men worked day and night to lay the steel by May Day

European Purchases

If American business is turning cool to Russian trade unless done on a cash basis, the Soviets seem able to pursue their program of industrial development under the Five-Year Plan on supplies from Europe and from the gradually-expanding home production. Germany is not losing the opportunity for business. Soviet orders filled in April were valued at $8,073,000, compare with average monthly orders over the last 6 months of $9 millions.

Soviet-British trade figures for April are not yet released, but for the first 6 months of the fiscal year, ending March 31, the Russians had bought goods valued at $44,526,000, compared with purchases in the same period last year of only $19,909,895.

Business men are not yet willing to admit that the United States is falling behind, claim April is a slack month, are reassured by total trade during the first 7 months of the present fiscal year (ending May 1). The value of orders in this time reached $63,240,000, a gain of $42,215,000 over the first 7 months of last year.

Fresh orders may be pending. Recently arrived in the United States, Joseph V. Kosior, vice-chairman of the Soviet's Supreme Economic Council and head of the United Steel Mill Construction Board, is surveying American industrial plants, is contemplating placing orders.

Tariff Stuck on the Ways; But It Won't Be Long Now

FINAL action on the tariff bill has again been postponed by the unexpected but quite proper ruling of Vice-President Curtis to send it back to conference because of unauthorized action taken by Senate conferees on the flexibility clause. The bill will probably be returned to the Senate next week for a renewed barrage of oratory.

From the State Department, opponents of the measure have requested copies of foreign protests against the bill; are expected to use these in demonstrating the difficulties that passage of the bill will raise in our foreign relations. They have plenty of public statements by leading American business men to show the probable effects of the tariff on domestic business.

Despite all their arguments, the bill will probably pass by a close vote and will be quickly signed by the President. With the flexibility clause retained in a form suitable to him, Mr. Hoover evidently believes that the bill can quickly be readjusted to produce a more satisfactory measure than could ever be obtained from Congress. While this attitude may not be entirely consistent with his pre-election views on where tariff responsibility should rest, apparently he is now convinced that it is useless to expect a proper measure from Congress and is becoming somewhat impatient for an opportunity to exercise his undoubted executive ability in developing a rational tariff from the unseemly mess which is to emanate from Congress.

Clarence Saunders Re-jells His Chain in Local Molds

CLARENCE SAUNDERS, working out a new kind of decentralization program for his chain stores, has evidently taken to heart the anti-chain criticism that national chains ignore local interests.

The new organization is to be split into state units regardless of the dictum of the U. S. Department of Commerce that arbitrary political areas bear no relation to natural marketing areas. First units are to be set up in Tennessee, Arkansas, Mississippi, Alabama, areas of most acute anti-chain feeling. Special attention is to be given to warehousing and trucking facilities between country producers and city consumers in each state. There will be local state buyers and traffic specialists, directed by a central clearing house staffed by a headquarters merchandising and buying force.

Each state company is to be capitalized independently. Customers are invited to buy 4% redemption coupons, $30 worth of which can be exchanged for a share of preferred at $25 par value and a share of common at $5 par value.

In announcing this reorganization as made possible by the acquisition by R. H. Allen and himself of control in the company, hitherto held by New York and Chicago bankers, Mr. Saunders says he has parted company with his Wall Street banking friends and that, from now on, all banking operations will be carried on with local bankers.

Book Publishers Reach For the Mass Market

Four Big Houses Cut Fiction Price to $1, But Critics Say It Was a Snap Decision

THE battle among the book publishers has not ended, but the victory seems to be won—by the public. Four firmly established houses have pledged themselves to $1 fiction. Others—all in the front rank—say that price-slashing to this extent can't be done economically. Most publishers of non-fiction—particularly of scientific and technical books—are not taking part in the squabble.

The opening shot was fired in New York a few hours after the concluding session of the American Booksellers' Association convention. Doubleday, Doran & Co., Simon & Schuster, and Farrar & Rinehart, Inc., announced $1 fiction, to be on the market with summer publications. Coward-McCann will issue new fiction at $1.50, printed and bound like its previous $2 or $2.50 novels.

Ten Stand Pat

Opposing ranks in the battle were quickly filled by 10 equally popular and older established companies who fired a return volley promptly. Frederick A. Stokes, Harcourt, Brace & Co., Dodd, Mead & Co., Charles Scribner's Sons, Harper & Brothers, the Macmillan Company, G. P. Putnam's Sons, Alfred A. Knopf, E. P. Dutton & Co., and the Cosmopolitan Book Corporation will maintain present prices.

Well-informed publishing interests say that the plans for a new line of $1 books came from Farrar & Rinehart, infant in the book-selling world. Old and bold, the Doubleday, Doran Company, successful distributor of popular reprints at popular prices, accepted the idea, announced the new price level to be effective June 20. So unexpected was the move there was not time for prices in advertisements of advance publications in Sunday newspapers, May 25, to be changed. Another widely circulated rumor declares that prices of fiction now on the shelves will be cut at once.

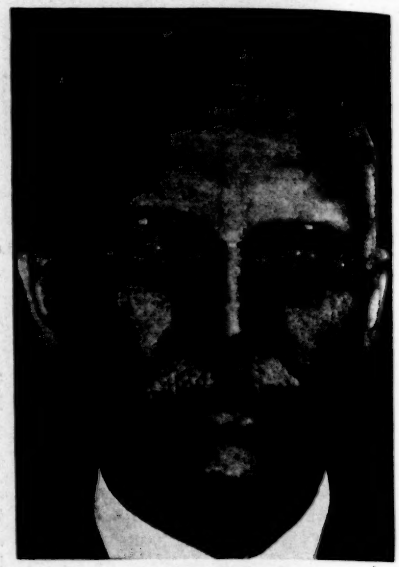
Critical Comment

Critics say they would be less skeptical of the new move if it had come more gradually with a carefully prepared program. They point out that Doubleday, Doran's much-cited success with $1 fiction has been made with reprints of established works which, in their original runs, had defrayed the cost of plates, the overhead for finding manuscripts, and a share of the advertising expense in "selling" the title and author. Enthusiasts claim that the lower price will enable books to compete on a more equal footing with the radio, movie, magazine, and rental library.

Selling is not yet an exact science in the book business, but publishers have some fairly carefully compiled guide posts. A novel is seldom accepted if it is not worth an initial run of from 3,000 to 6,000 copies, but a new author that sells 15,000 is looked upon as a wonder. Known authors are likely to sell from 5,000 to 50,000.

Authors, generally, seem game to accept the gamble of a lower rate but a bigger return if the book goes over on a mass basis.

With all the skepticism connected with the plan, there is something in its favor in the way of precedent abroad. There the cheap paper bound volume is a well-established success.



Acme

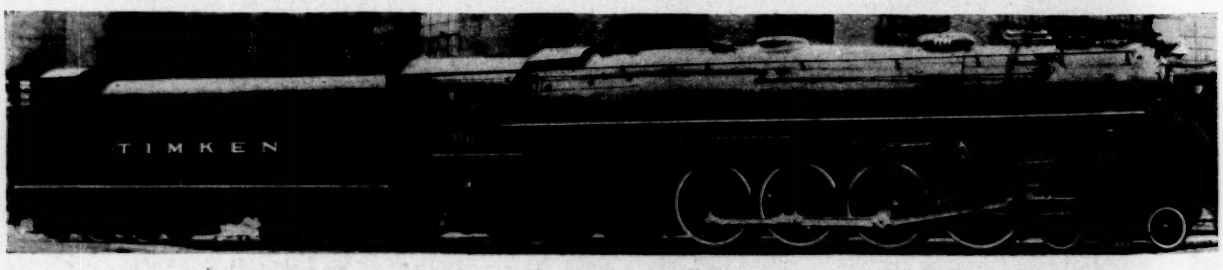
GEORGE W. JACOBS

The Philadelphia bookseller was elected president of the American Booksellers Association amid the opening guns of the $1 book battle

Roller Bearings at Last Tried in a Locomotive

ONE of the most important experiments in railroad practice of recent years started with the delivery to the Pennsylvania Railroad of a locomotive built by American Locomotive Co. to designs and specifications of Timken Roller Bearing Co.

While the anti-friction bearing has made automotive transportation possible as we know it, has greatly increased the effectiveness of machine tools and nearly all rotating parts, steam locomotives still employ the plain bearings used for decades. Within recent years a number of passenger cars have been equipped with anti-friction bearings and the results in lessened noise, easier starting, decreased power requirements, lower maintenance costs have convinced Timken anti-friction bearings in locomotive service might afford as great advantages.



ROLLING OUT THE DEMONSTRATOR

Built for Timken by the American Locomotive Co., this roller-bearing equipped locomotive will be loaned to the railroads for actual service testing. Bus chime horns and a bedroom on the tender are innovations

Burroughs

Accounting Machine

Multiplies Directly
and prints the result of each extension by the depression of a single key.

Typewrites
all names and descriptions from the ordinary typewriter keyboard.

Adds and Subtracts
posts ledger, statement and proof journal (or other combinations of records) as one operation.

Accumulates Totals
for distributions and proof of postings. Prints totals by the depression of one key.

Burroughs Accounting Machine is the only machine giving you all of these advantages. Ask for a demonstration on your own work.

BURROUGHS ADDING MACHINE COMPANY
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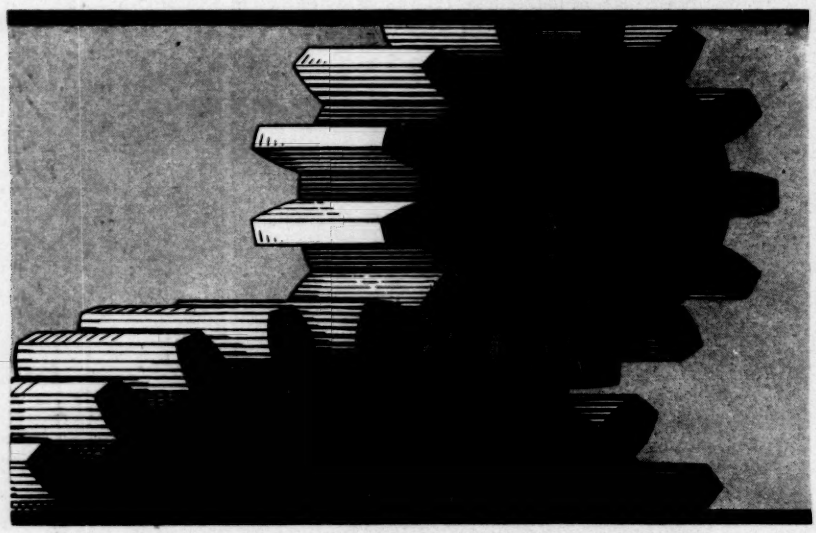
Are you geared to modern retail methods?

Buying and selling are major wheels of the business machine. They must mesh. Is your selling geared to the modern retail practice of small stocks and quick fill-ins?



BUSH DISTRIBUTION SERVICE

gears selling plans to buying practice

FOR several hundred concerns Bush Distribution Service now gets goods to the metropolitan dealer when he wants them and in the quantities he needs, charging only for labor and space actually used. This reduces costs on existing sales volume and greatly increases the potential volume. For many concerns that are actually manufacturing or assembling their products in New York, Bush provides all necessary facilities for spot production as well as spot stocks: economical and convenient water and rail transport, good light and layout, low cost power and insurance, and unrivaled elevator and trucking service.

So, if you sell in New York or hope to sell there, and if you manufacture or assemble merchandise there, or plan to do either—you can use Bush Terminal to reduce costs, to increase profits, and to add new volume.

There are so many ways this service can be valuable that they cannot be enumerated here. Just how it will be valuable to you depends on your product, your method of sale, your present position in the New York market and other markets. Give us that information when you write for a copy of "More Profits in New York" and we will describe the ways that Bush will gear your New York business to local buying practices.

BUSH TERMINAL COMPANY

Metropolitan facilities for
Distribution . . Warehousing . . Manufacturing

Executive Offices: 100 Broad St., Dept. B, New York

Steamship piers, railroad sidings, warehouses, truck depot and manufacturing lofts on New York Bay

More Tax Money For U. S. Ships

AN international maritime conference opens this week in Copenhagen in an atmosphere of profound gloom about the world shipping situation. In a preliminary report the conference says, "The position is probably more gloomy than at any other time in the annals of shipping. It may be truthfully said that at the present moment there is not anywhere in the world any cargo to be obtained for any size vessel at rates which cover expenses." Recent estimates from London are that some 5 million tons of shipping are idle in British and other European ports.

Meanwhile American shipbuilders are going blithely ahead with plans for more, bigger, and better ships to be built with low-rate government loans and operated with taxpayers' money. Last week $31,162,000 was loaned by the Shipping Board to 3 companies to build 8 new vessels. The companies are subsidiaries of the United States Lines and the United Fruit Company. Two of the ships to be built will be the largest yet contracted for in American shipyards—30,000 tons, 20 knots, 705 feet long, costing $21 millions, to be finished in 1932. They will keep the *Leviathan* company between New York, Cherbourg, and Southampton until the two monster 45,000-ton ships which the United States Lines proposes to construct will be ready for trans-atlantic service.

These loans bring the total amount so far loaned by the government to build ships to $93 millions. This represents three-fourths of the construction cost of 34 modern merchant vessels.

Since nearly all of these ships are being built because the government is loaning the money for the purpose and is going to give them mail subsidies to run on, the operators of purely cargo vessels, and shipyards who would like to build more of them, are now agitating for special aid for ships of this kind. It is proposed they be grouped in fleets of naval auxiliaries—a kind of National Guard of the Merchant Marine—and be subsidized as a means of national defense in the next war.

Such a system would diminish some of the difficulties now involved in operating cargo vessels without cargoes. This system is working so well in the case of passenger ships that some of the companies are apparently ceasing to be much interested in passengers at all.

The Steel Cartel Weakens In Its First Real Test

Members Find They Have to Wink at Practices That Can't Be Stopped Under Present Conditions

CARTELS are not a royal road to stability. They have been having their ups and downs, sharing the fortunes of ordinary business. The American copper export cartel was one example, near home; now the European steel cartel is having its troubles, too.

This arrangement for allotting production quotas, dividing up markets and fixing prices for iron and steel among the continental European countries, was established in 1926 and has never had to face a fairly general business depression before. Even in rosier days it had its difficulties and at times came near breaking up. The present situation is putting the cartel to its first real test.

It Loses Control

So far as can be learned from the heavily veiled information which issues from its conference groups in Paris, the cartel has rather lost control of the market and of prices. The further development of the elaborate marketing machinery, temporarily set up some time ago (*The Business Week* March 26), has been postponed till later in the year, when it is hoped business conditions will be better. Indirect forms of price cutting through rebates and other sub rosa allowances made by producers to steel purchasers have considerably increased the freedom of the market on the Continent, and the cartel is forced to wink at these practices because it cannot do anything to prevent them under existing conditions. The failure of the cartel to agree upon a further cut in production quotas is another indication of the tendency toward the return of a freer market in raw iron and steel products in Europe.

Economic Law Rules

This weakening of the cartel in face of business recession is the more significant because these cartels in Europe are not only authorized by the governments but the agreements made under them are enforcible by law. Apparently there are times when state law is weaker than economic law.

This weakening is regarded as only temporary, however, and is not in the least discouraging effort to cartelize as much of everything as possible in European industry. After several months of negotiations, the manufacturers of railway rolling stock in Europe have agreed to form an international cartel. Moreover, there are reports of successful establishment of an international cartel agreement covering production and patent licensing of stainless steel. Patents covering the most important types of stainless steel are held by relatively few interests; even the "Nirosta" steel is made here under a Krupp patent. It is thought fairly easy to secure complete international control of stainless steel production and efforts are being made to that end by negotiations between the Krupp interests in Germany and the Firth-Bailey interests in England.

The most favorable showing for international production control so far is that made by the tin producers. They seem to be pretty well satisfied so far with results of their program of restricting production by periodic shutdowns.

Rubber Tapping Holiday Merely Sends Prices Down

ANOTHER attempt to stabilize rubber prices appears to have failed.

During May, a tapping holiday was declared by nearly all the important producers—European and native—with the expectation that the loss of about 35,000 tons of new stocks plus the psychological effect of cooperative restriction would boost rubber prices. On the contrary, however, before the end of May London prices dropped to the lowest levels in history, reflecting ever-increasing world stocks which now total 300,000 tons.

Although proposals have been made that tapping be restricted further by declaring holidays for a few days each month, the utter failure of the first experiment to affect prices is likely to make cooperation more difficult to get for further restrictions.

Automobile production in the United States is 20% below 1929; rubber production is bigger than ever.

General Electric

NEW FLAME INCREASES WELDING POSSIBILITIES

The atomic hydrogen arc, a combination of the electric arc and the hydrogen arc, has a hotter flame than either, which makes a weld of greater ductility. It may be used for metals and alloys hitherto considered unweldable

WE PENSIONED THE PICTURESQUE

Punka

IT IS OVER thirty years now since a famous London firm came to us to electrify the *punka*—that ancient one-servant power contrivance which was then the only "fan" which the destructive humid climate of India did not uselessly impair within a few months' time. The problem was not without its difficulties—but that was why it had been brought to us. We went to work with a will—and it is a matter of record that many of those first heavy-duty electric ceiling fans we built for our client are still giving good service—despite thirty years of corrosive tropic humidity and continuous day and night operation. Our archives are full of such achievements—which may explain why so many manufacturers face to face with "impossible" conditions, come to us for special application fans and motors

If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant, and the experience of 32 years' precision manufacture in designing, building and applying electric motors, generators, fans, and electrical appliances

Robbins & Myers, Inc.

Springfield, Ohio **Brantford, Ontario**

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MOTORS, FANS, HAND AND ELECTRIC HOISTS AND CRANES

Lumber Accepts The Challenge

LUMBER no longer is just lumber. Faced by severe competition from other materials in many of its strongholds, the lumber industry has instituted extensive market and product research which has developed new uses, new markets, even new materials to permit lumber to hold its own against metals and other competitive products.

Shingles were among the first to give way to such competitive products in the form of slate and various composition materials. Now the lumber industry offers shingles 24 inches and 36 inches long, correspondingly thick at the butts, which are expected to serve for at least 60 years. Such shingles have proved to be remarkably fire-resistant, even without treatment.

To combat the argument that wood is easily combustible, the industry has developed chemicals which make it practically fireproof. It is maintained, even, that with an average fire, heavy timber construction is safer than any other since the thick timbers will not fail in a fire hot enough to buckle steel posts and girders. Fire-resistant doors of wood are sold in quantities for ships, hospitals, office buildings, and other installations where fire-resistance is particularly desirable.

The Department of Commerce recently conducted fire tests of a wood airplane hangar equipped with automatic sprinkler system. Although hundreds of gallons of gasoline were used it was impossible to destroy the hangar.

To meet color competition, wood is being stained under pressure which permeates the log before it is sawed into lumber. By impregnating the earth around the roots of trees with proper dyes the trees themselves are being stained where they stand. Other battles are being fought over window sash and frames, oil field derricks, and at various other points where lumber started to lose ground but is now putting up a strong fight for preference.

Fourth Goes For Food

ONE-FOURTH of all the money spent in the United States is for food products, according to a study just completed by General Foods Corporation. Estimates of the country's annual income range from $78 billion to $89 billion, of which food purchases constitute about $21 billion.

Behind the Clash of Steel Lies the Struggle for Iron

Approaching Depletion of High-Grade Ore Supply Dominates the Whole Development of the Industry

LAKE SUPERIOR iron ore has now almost all found its way into the big steel corporations. One of the last independent mining companies is being tied up with the Eaton-Mather interests. Oglebay, Norton & Co. is now affiliated with Cliffs Corp., the holding company which owns Cleveland-Cliffs—and which recently acquired the Corrigan-McKinney Steel Co. The alliance of Cyrus S. Eaton and one wing of the Mathers now controls 13% of the iron mined annually on the Lake Superior ranges and Eaton's Republic Steel controls an additional 2%, not including its Birmingham ore. The Pickands-Mather group continues to mine more ore but operates the property of Bethlehem and Youngstown Sheet & Tube Co.

No Big New Companies

More vital in the stability of a Middle Western steel consolidation today than patents or friendly markets or the inertia of heavy plant investment is the fact that no more large steel producers can be formed. There is no ore for them. The big fellows have gathered up most of the available supply, and any newcomer would precipitate a scramble for the remainder.

It is also certain that some time in the next 15 years several of the Middle Western iron furnaces will begin to smelt mixtures of Lake Superior and other ores, possibly foreign. Before very long, the factor of ore supply will commence to count in industrial location, and it seems probable that the center of the steel industry will not move much farther west.

Life of 25-30 Years

At their present rates of consumption the high-grade ores of the Lake Superior country appear to have a life of 25 or 30 years. If the rate increases with the growth of the country, after taking into account the greater use of steel scrap, the life of the ranges will be shortened. Furthermore, some of the companies, particularly United States Steel, are unusually well provisioned with ore reserves, leaving that much less for the late comers. Henry Ford is one of those who are not well supplied for the distant future.

The renewed significance of iron ore supply in the industrial and financial map suggests that it might not be too early to apply actuarial as well as geological methods to the rates of consumption and diminution of reserves. The preliminaries to some of the recent mergers in the steel industry included close analyses of the present and future of ore supply, but the figures are confidential.

The new National Steel Corp. was put together with very clear ideas as to the bearing of iron ore resource upon the future prosperity of the company. The Great Lakes Steel Corp. had been organized in Detroit solely as a manufacturing company, but presently it got together with Weirton Steel of Weirton, W. Va., another late entrant in the steel industry, and the two joined with the M. A. Hanna Co. of Cleveland, one of the oldest of the ore companies. The Hanna ore properties were so large in proportion to the immediate needs of the new steel plants that National is more adequately supplied with ore than any other of the independents. Even with its proposed plant in the Chicago district it will have above 40 years' supply of ore, or about the same outlook as the much larger U. S. Steel Corp.

Cyrus S. Eaton, whose interest in the steel industry commenced with the finished product, worked his way quickly back into the fundamentals of ore supply, with the consequence that his Republic Steel Corp. is fairly well buttressed through its alliance with Cleveland-Cliffs, the old Mather family company. Republic had only about 12 years' shipments of ore in sight, most of that in Birmingham, before Eaton took hold. Figures for the new resources are not available, but with Cliffs they project the supplies of the much enlarged Republic grouping far into the future. Likely to be more valuable to Eaton in the long run than the Cliffs Corporation's holding of Youngstown Sheet & Tube stock is its ownership in fee of many valuable northern mines. Recently, the Cliffs group acquired the Corrigan-McKinney Steel Co. of Cleveland; this week formed an alliance with Oglebay, Norton & Co. through an exchange of stock.

Back of Youngstown Row

The controversy between Eaton and the Pickands-Mather group over the sale of Youngstown Sheet & Tube to Bethlehem turns heavily on considerations of ore supply, although to Bethlehem the Chicago plant of Sheet & Tube is very important. Pickands, Mather & Co., in recent years have been mining and shipping ore for Sheet & Tube and Bethlehem almost entirely on commission, having sold its mines to

THE BUFFALO PIT MINE IN MINNESOTA

A typical open-cut mine in the Mesabi range. Half the iron ore mined in this country comes out of these mountains

When the Watchman *Carries* His Conscience

Some employers are inclined to trust to a watchman's conscience to keep him awake during his hours of duty. They forget that watchmen are human, and that one of the most human, the most basic of desires is the desire to sleep.

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the steel companies, and Eaton's lawyers in the depositions they have been taking for Eaton's case against the consolidation, have been trying to uncover evidence that Bethlehem was in a position to force Pickands, Mather to throw the Sheet & Tube Co. its way. Bethlehem reports its ore supply to be in the neighborhood of 180,000,000 tons, not including supplies in northern New York and part of its foreign ores. That would be enough to keep all its furnaces going for about 15 years. The fact that Bethlehem is well situated to import ore, and does import more ore than any other interest, may explain why it is more open about its ore figures than any other company.

A Few Independents

The alliances of the Hannas with the Detroit and Weirton group, of Cleveland Cliffs with Eaton, and of Pickands, Mather with Bethlehem-Sheet & Tube show how the old merchant ore houses of Cleveland are being transformed into departments of steel businesses. They appear to be going the way of the Oliver Iron Mining Co., which has been for 30 years the ore subsidiary of the Steel Corporation.

The remaining independent iron ore miners and shippers constitute a very small group—Butler Bros., Clement K. Quinn, and a few others. Some of them are specializing, but to the extent that they own mines in fee they will be sitting pretty as the high-grade supply diminishes. Efforts have been made by steel manufacturers to induce more than one of them to throw in their fate with production. "What," said one of them, "trade good ore mines for shares in steel mills?"

No New Discoveries

The belief that the supply of high-grade iron ore near Lake Superior promises to last 25 or 30 years and to diminish rapidly at about the end of that period is based upon the facts that: no new ranges have been discovered in recent years, though the whole pre-Cambrian region has been pretty thoroughly prospected; the great Mesabi range is nearing its maximum development; reserves reported by the owners do not show in the aggregate a longer life. Owners do not try to uncover taxable supplies of ore much faster than they need to know about them, but, at the same time, the geological organization of the Lake Superior country is well enough known to give a fair idea of what the future holds. Lake Superior shipments last season aggregated 66,157,359 tons, of which the Mesabi furnished 43,008,239 tons. The Mesabi is estimated to hold a reserve of 1,155,500,000 tons of present merchantable grades, and all the ranges put together total not more than 2,500,000,000 tons of ores susceptible of concentration economically by known methods. The state tax commissions estimate the total resource to be 1,500,000,000 tons.

Low Grades Plentiful

Only the high-grade ore appears to be in limited supply. There was a time when ore of 66% iron content was shipped to the Lake Erie furnaces but that ore is exhausted. Present cargoes average 51%. Some of the ore that was dumped on piles at the mines is now being shoveled up and shipped.

As the high-grade supply diminishes there will be no sharp change in the economy of the steel industry. Sintering, concentrating, and other methods of treating the ore will gradually come into use, and in time much ore now worthless will be made available by methods doubtless to be discovered. At the same time, the rich foreign reserves such as those on which the United States Steel Corporation has recently obtained a concession in Brazil would be competing with ever-increasing weight. Imports into the United States now run 4% of the shipments from Lake Superior and are certain to increase. The port of Baltimore will benefit greatly, and one recalls the prediction several years ago by Charles M. Schwab that Baltimore would some day have the greatest steel plant.

The position of the world's ore supplies, particularly in their relation to coal, indicates that the Atlantic basin will be the seat of world civilization for centuries to come.

Graton & Knight Is 79; H. C. Graton Nears 100

PROUD as it is of its 79 years' existence, Graton & Knight Co., Worcester, Mass. is prouder still that on July 10 one of its founders, Henry C. Graton, will celebrate his 100th birthday. When 20 years old he joined with Joseph A. Knight to form the company, and for 60 years directed the policies of the business. It became the largest manufacturer of belting and mechanical leather goods in the world, with annual sales of $9 millions. It now requires about 300,000 heavy hides annually, costing $3 millions, to meet its needs.

Notes on Travel Habits of Notes

MANY of the phenomena of foreign exchange might be detected within a country if it were possible to pin badges on the money so that its swirls could be followed. In a limited way the note settlements between Federal Reserve districts furnish a means of following the movements of currency between districts.

The Fourth Federal Reserve Bank has been separating its figures covering note settlements in the balances of the gold settlement fund.

The district circulates its money more widely than any other district, probably because it is the only district whose boundaries touch six other districts, and because its trunk line inhabitants, living in the center of northern industrial population, travel about the country more widely.

The notes returned from the New York district are believed largely to be money carried into New York city by Ohio and western Pennsylvania people. Apparently more Midlanders visit New York than there are New Yorkers who visit the Midlands.

American vacation travel in Canada shows up in the settlements of late summer and fall with the Buffalo branch. Money carried by Northern travelers to the South appears in the winter settlements with Atlanta.

The notes returned from Richmond are believed largely to represent the payrolls made up in Pittsburgh for the coal mines of northern West Virginia, together with money carried to Washington while Congress is in session. Chicago and Dallas almost invariably ship more notes back to the Cleveland bank than are returned from Cleveland, and the reasons are obscure unless they are a reflection of travel movement and the shipments of money from Cincinnati banks to their correspondents over the line in Indiana. These Cincinnati shipments also appear in the Reserve notes forwarded from Kentucky banks to the Federal Reserve Bank at St. Louis.

The issuance of the new money last summer temporarily destroyed these relationships but they are drifting back to their old position. If all the other factors in note circulation remain the same, the Cleveland bankers will be concluding by next summer that the new money will have completely taken the place of the old.

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MADE BY THE MAKERS OF AMERICA'S FIRST CHAIN LINK FENCE

Sidney Zollicoffer Mitchell, Colossus of Kilowatts

He Dreams of Meshing the Whole World In Power Lines—And Is Fast Doing It

CONSIDERING humanity's interest in the lives and doings of the very rich, it is astonishing to discover that the American reputed by many to be the world's wealthiest man practically is unknown. Beyond the orbit of his industrial and financial associations he is only a name. Sunday rotogravure editors seem never to have heard of him. No news reel has broadcast his smile or the vibrations of his voice.

"Who's Who," smug authority on eminent personalities, hasn't a line about Sidney Zollicoffer Mitchell. It is doubtful if Mr. Mitchell knows whether he is the richest man. It is certain that he does not care. Officially he is chairman of the board of the Electric Bond & Share Company. Actually he is the "Old Man" of the electrical utilities industry. He is far too busy therewith to inform the public as to the details of his life and habits. But federal investigation of interlocked power companies now under way is bound to bring him within the focus of the spotlight.

A Giant of These Days

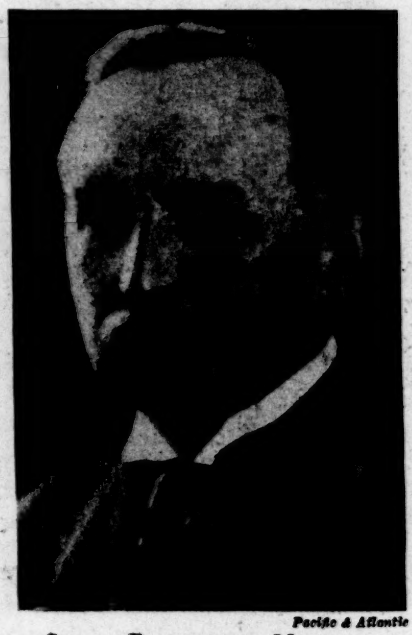
Most industries have buried their heroes. The business of marketing electricity is so young that its giants still walk the earth. That is more than an idle metaphor in the case of Mr. Mitchell. He is over six feet tall. He dresses well, but so powerful is his build that his clothes have an air of inadequacy. The brain and vital resources are over-size to match the huge frame.

When Sidney Zollicoffer Mitchell goes after an objective it is with an inexorable drive which overbears opposition—a trait typical of pioneers. Once he was a naval officer. When he resigned the ships lost a voice that was a match for any gale, and a master of the salty language of the quarterdeck.

Mr. Mitchell's favorite adage is: "Lucky the man to whom misfortune comes early in youth." It is the fruit of his own experience.

The dammed lake of a Mitchell power company now covers the Alabama plantation which belonged to his family. He was born at Dadesville, Ala., during the troubled days of the Civil War. His second name is a memento of the period. It is in honor of Brigadier General Felix Kirk Zollicoffer, of the Confederate army, who was killed inside the Union lines which he had passed by mistake on a reconnaissance.

The elder Mitchell was a doctor of prominence. He invested his money in



Pacific & Atlantic

SIDNEY ZOLLICOFFER MITCHELL

Confederate bonds and when the Southern Union collapsed it carried down the Mitchell fortune. Young Sidney's mother died when he was three, his father nine years later. The boy was reared by a grandmother. The bitter days of Reconstruction brought trials which tempered the youngster effectively for the struggle that followed.

During the hot Southern summers he worked on the farm, learned what it meant to drive a plow down an endless cotton row behind an unhurried hardtail with ideas of his own. Perhaps his experience with mules laid the foundations of his now magnificant but unconventional vocabulary. In the winter he attended school. Young Mitchell's first chance came when the late Congressman Oates offered him an appointment to the Naval Academy at Annapolis.

Another boy coveted the cadetship. There were whisperings of favoritism which finally reached young Mitchell. He sought out the congressman, told him what he had heard, insisted that the appointment be thrown open to competition. It was, and Mitchell easily won the examination. At Annapolis he specialized in electricity, that new science which might some day amount to something. After graduating in 1883 he helped install electric lights on the U. S. S. Trenton, first warship to be wired. During the next two years he plowed up and down the seas growing physically, learning more about men and machinery

Navy to Northwest

Came then a period when the supply of naval officers exceeded the demand. Promotion seemed slow and Mitchell could not wait. He resigned, his imagination having been attracted to Nicaragua where there was talk of building a canal. A chance meeting with navy classmates at the old Hoffman House in New York shifted and fixed the course of his future life.

"We are organizing electric light plants under license from the Edison Electric Company," his friends announced. "They say there's a future in it. Better get in while there's time. Some territories are left."

It sounded so good that the descent on Nicaragua was abandoned and application was made to Edison's company for a license. Mr. Mitchell got the last district—last because it was distant and unpromising. It included Oregon, Washington, Idaho, British Columbia and Alaska. There were few towns anywhere. Seattle was the largest, having at that time less than 4,000 inhabitants.

Pioneering Times

Mr. Mitchell tackled his new profession with characteristic vigor. He got a job as workman in Edison's New York plant where he mastered the primitive generators and wiring systems. Thus fortified, he journeyed into the Northwest to introduce "Edison's new toy."

Nothing delights him more than to describe the tribulations that attended the building of his first plant at Seattle. Jovian bursts of laughter and desk-thumps that would stun an ox accompany such narratives.

One Northwesterner referred to the electrical newcomer as "that yellow-

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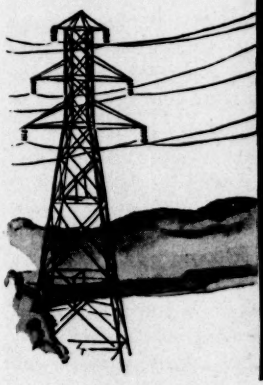

*The bills of a representative number of large and small typical industrial consumers were computed at Los Angeles rates and principal published rates in Eastern and Midwestern industrial centers and found to average 46.5% lower in Los Angeles.

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haired New York dude," in spite of the fact that the Mitchell locks were dark.

"I was a dude," he explains, "because I wore a derby instead of a big soft hat. And I wore the derby because I didn't have money enough to buy headgear in the Western mode."

His pet story illuminates the appalling inadequacy of early electrical installations. The first Seattle plant cost $10,000 and was built at sea level next door to a sawmill which fed slabs and sawdust to the Mitchell boilers. One of the first customers was a magnate whose house crowned a lofty hill. His intense interest in this new-fangled method of lighting turned to anger when the lights were switched on. The bulbs were so far from the plant that they shed about as much candle power as an anaemic firefly. These facts were laid before Mr. Mitchell's directors by the irate subscriber.

"It's all the fault of that darned New York up-start," and he shook a malignant finger at the unmoved S. Z.

"Why?" asked a director mildly.

"Well, I told him he ought to build his plant up on the hill near my house. That would have let the current run down. But, no. He built down there near the water. Any damn fool should have known that the current couldn't come up that steep hill to where I live!"

Called Back East

As plants in the territory multiplied, harassed local authorities insisted that Mr. Mitchell assume the financial and technical supervision. Here he learned the sweet uses of mass management in financing and physical development. He was a rich man before the East called.

"It meant something to be wealthy in those days," he says, "Why, people in Seattle would cross the street to look at a millionaire."

Electrical equipment manufacturing had far outrun the science of plant management. The General Electric Company found itself with a hay-loft full of securities which it had taken in part-payment for machinery sold to lighting companies. So feeble were many of these concerns that they could not pay dividends or buy improved machines which the G. E. was feverishly developing. Charles A. Coffin, then president of the General Electric, wanted someone to take over these securities and put the properties on a paying basis. The happy state of companies in the Northwest drew his attention to Mr. Mitchell.

The year 1905 found Mr. Mitchell back in New York fathering a doubtful new concern called the Electric Bond & Share Company. His staff consisted of a bookkeeper and a stenographer. Assets were a lot of cats and dogs in varying stages of decrepitude. The operating genius became, through compulsion, a financial wizard. Under the Mitchell supervision the drooping light companies took on new vitality. Company after company came in out of the wet. The words "Electric Bond & Share" on power securities is comparable to the "Sterling" stamp on silver.

A World Network

No one seems to know just how old Mr. Mitchell is. A guess based on the legal minimum of 16 years as his age when he entered Annapolis in 1879 would make him 67. After he had passed 60 and had amassed one of the world's greatest fortunes he embarked on a vast new scheme. His present dream is to mesh the entire world in his power lines. The American & Foreign Power Company, Inc., is the tool with which he works. Judge the rate of its expansion by the fact that the investment account leaped from $108,000,000 to $285,000,000 between 1927 and 1928. He completed a 5-year plan in just 2½ years.

Mr. Mitchell's capacity for work is incredible for a man his age. Eighteen hours a day is not unusual. The lives of the dozen millionaires he has made do not belong to them. They are liable at any time to be called from a dinner or theater to attend a conference at the Mitchell Fifth Avenue home or his summer place at Locust Valley, Long Island. Yet any of them would put his arm in the fire for the "Old Man."

He is the most human and democratic despot imaginable. He talks to a friend with one Herculean arm draped over his shoulder. His conversation sparkles with amiable anathema.

Gardens, Not Golf

Work is his real joy and passion. Golf he scorns. Despite his years in the navy he cares little for water and does not own a yacht. For his one diversion he goes back of his Annapolis days to the time when he was a farmer. He rejoices in gardening.

Mr. Mitchell is universally recognized as one of the great figures in the power industry. He is a staunch believer in fundamental American institutions, a profound sceptic about all types of radicalism and an ardent enemy of Bolshevism.

Dutch Thrift Succumbs to Lure Of a Dry Zuyder Zee

Farmers and Amsterdam Bankers Decide 550,000 Acres Are Worth a Deficit of $80 Millions

European Bureau The Business Week

HOLLAND is scoring another victory over nature and not a little of the credit is due to close cooperation between ambitious Dutch farmers and far-sighted Amsterdam bankers.

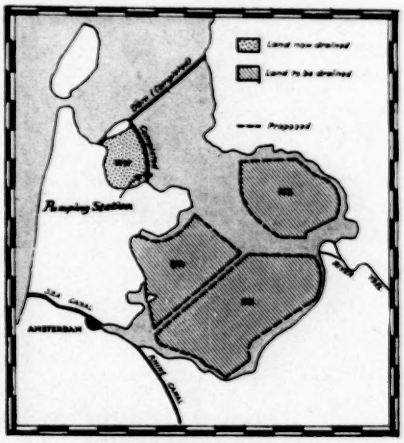
Scarcely half the size of South Carolina, the country harbors a great inland lake, the Zuyder Zee. Practical statesmen and crafty engineers, after long study, decided that, by constructing a long dam, well to the north, the sea could be shut out and nearly 550,000 acres be reclaimed for farming. Since this would increase Holland's agricultural area by 10%, it received the support of thrifty Dutchmen. Work started in 1924, has progressed without interruption.

This year funds ran low. Engineers, farmers, officials took council, surveyed progress, anticipated results. Finally they determined to continue, to face the deficit of $80 million which will accumulate before the project is completed in 1939, to order agricultural experts to continue their experimental work on a tiny *polder* (reclaimed area). When the brine is worked from the soil, they will experiment with various crops.

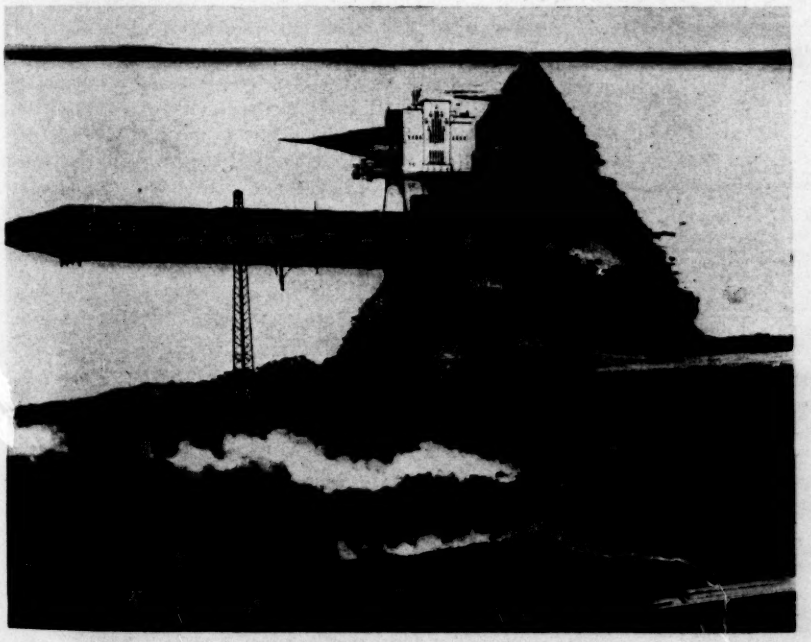
Not all the area shut off from the North Sea will be reclaimed. Four polders—the largest to include 420 square miles, the smallest, 76—will fringe the present shores of the Zuyder Zee. The remainder of the area will be a great inland lake made fresh by the waters from the several rivers which flow into it. Windmills will pump water from the new fields, and canals will provide characteristic and practical transportation arteries.

A previous experiment in the Haarlem region reclaimed 72 square miles at a cost of nearly $5 million. Since then that area has produced some of the finest of Holland's flower bulbs, has repaid the cost threefold.

Another significant engineering project has been partly eclipsed by the vastness of the Zuyder Zee development. Amsterdam, founded as a port, has suffered in recent years because the 54-year-old North Sea Canal, connecting the harbor with the sea, would not accommodate today's huge liners. For



10 years engineers have been widening and deepening the canal to accommodate even 60,000-ton liners. The new lock, 1,312 feet long and 164 feet wide, claimed to be the world's largest, cost $7,800,000. On April 29 Queen Wilhelmina sailed from Amsterdam to the North Sea on the new India liner *Johan Van Oldenbarnevelt,* officially opened the modernized canal. Proud Dutchmen cheered, anticipated renewed shipping activity at Amsterdam.



FROM SEAWEED TO TULIPS

The great dam closing off the Zuyder Zee will increase Holland's farm lands 10%. The white building is the pumping station shown on the map

No Unemployment for Technical Graduates

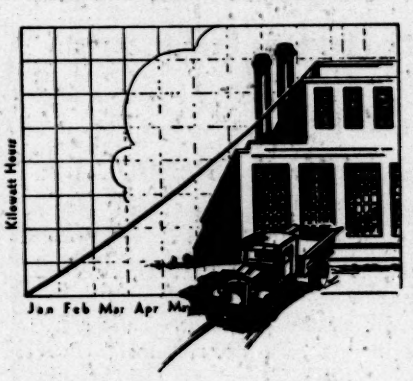
UNEMPLOYMENT no longer bothers the graduating classes of recognized technical schools. The demand for their services in industry is so much greater than the supply that it is a poor student who does not have the choice of two or more desirable jobs offered to him immediately after graduation.

For instance, Sibley School of Mechanical Engineering, Cornell University, with a 1930 graduating class of less than 100, reports that, by the middle of April, each senior had had at least two jobs offered to him by the 70 or more companies which had sent representatives to Cornell or had corresponded with the members of the class.

The class of 1929 contained 87 members. By graduation time, they had been offered 360 jobs. About 70 companies had sent a total of 95 representatives to interview seniors; 65 more companies offered employment by letter. In 1928 the 74 members of the class were offered 325 jobs by 110 companies who had sent 85 representatives to the college besides scores of letters.

A few years ago only a few of the larger concerns were interested in college recruiting; now the list of the companies carrying on this kind of campaign reads like a Who's Who in American Industry.

We Met the Peak Load



EXPERIENCE of the past year proved that the Kentucky-Tennessee Light & Power Company at Mayfield, Kentucky, would be hard pressed to supply the peak load demands during the cotton ginning season, October 1st to November 30th.

"Can you give us a rush job—a 3,500 k. w. turbine, boilers, automatic stokers, an additional stack, and cooling tower; and revamp our entire electric plant?"

It was a hard job, but it was tackled on June 23rd and September 30th the turbine was humming. Other improvements were made and the cotton gins in that vicinity operated to full capacity for the first time in several years. W. S. Barstow and Company is equipped to handle economically all phases of engineering, design and construction.

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Where Is Center Of Population?

WILL the center of population, which has marched westward uninterruptedly with every census since that of 1790, be turned back east by the 1930 census? Some predict so. In 1910 it was in the city of Bloomington, Ind., 39 miles farther west than it had been in 1900. Between 1910 and 1920 it moved only 9.8 miles farther on, while the median point of poulation actually turned back and moved 8.8 miles east. The forces that slowed up the westward march between 1910 and 1920 have continued, possibly been intensified, in the decade just closing.

The center of population is not a numerical center, as many believe. The numerical center is called the median point. In 1920 this was near the town of Union City, Ind., close to the Ohio line, almost due east from Muncie, while the center of population was over 100 miles farther southwest.

The median point of population is the intersection of two imaginary lines. The number of people east of a north and south line through it exactly equals the number west; the number north of an east and west line exactly equals the number south.

The center of population is a center of gravity. The theory is that the United States is a plane balanced upon a given point. Population is equally distributed over it. A given individual will exert a pressure on the supporting point—the "center of population"—directly proportional to his distance from it. Thus an increase of 400,000 in Detroit would have no more effect than an increase of 40,000 in San Diego and the 1,398,661 people in Seattle, San Francisco, and Los Angeles in 1920 exerted a greater influence on the location of the then center of population than the 5,197,624 in Baltimore, Boston, Buffalo, Cleveland, Philadelphia, and Pittsburgh.

That's all right with the Pacific Coast, but Easterners wonder why we don't talk about the median point rather than the center of population.

Advertisers Light Streets

IN East Lansdowne, a Philadelphia suburb, enterprising merchants have solved the unlighted street sign problem by using signs of neon gas lights, visible day or night, and mounting them on the traffic control standards.

Wide Reading

ON LIVING IN CITIES. Warren S. Thompson. *American Mercury*, June. Another attack on the big city. Substantiated arguments.

STANDARD OIL REPORT MIRRORS WESTERN CONDITIONS. *Petroleum World*, May. Financial statement throws light on Kettleman Hills and expansion of West Coast's natural gas facilities.

FORD THROUGH GERMAN EYES. Ernst Toller. *Living Age*, May 1. American labor gets high wages, has little protection, is deprived of much liberty.

WHAT THE WAGON JOBBER CAN AND CANNOT DO FOR THE MANUFACTURER. H. A. Haring. *Advertising and Selling*, May 14. Results of 10 months of interviewing nearly 10,000 wagon men who have revived this form of distribution.

NEW BUSINESS THROUGH ALLYING INDUSTRY WITH ART. E. S. Sieber. *The Executive's Magazine*, April. The present vogue for pewter is due to efforts of Professor Varnum and the National Lead Company. St. Louis company booms.

DR. SCHACHT AND HIS SUCCESSOR. *The Banker* (London), April. Schacht and Luther, and German banking.

THE UNITED STATES AND LATIN AMERICA. James Wilford Garner. *World Tomorrow*, May. A non-imperialist program which would put us on a friendly basis and give us more business on better terms.

THE NEW EBB AND FLOW OF INDUSTRY. Julius H. Barnes. *Survey Graphic*, June. New industrial trends demand a new treatment of labor problems.

THE WAY TO WEALTH. Samuel Crowther. *Saturday Evening Post*, May 17. More Ford philosophy with some sound criticism of lax business methods.

THE INDUSTRIALIST IS AN ARTIST. *Design in Industry*, May. New publication devoted to art in industry. Lists in first issue, 66 magazines, books, and pamphlets telling what is new in design.

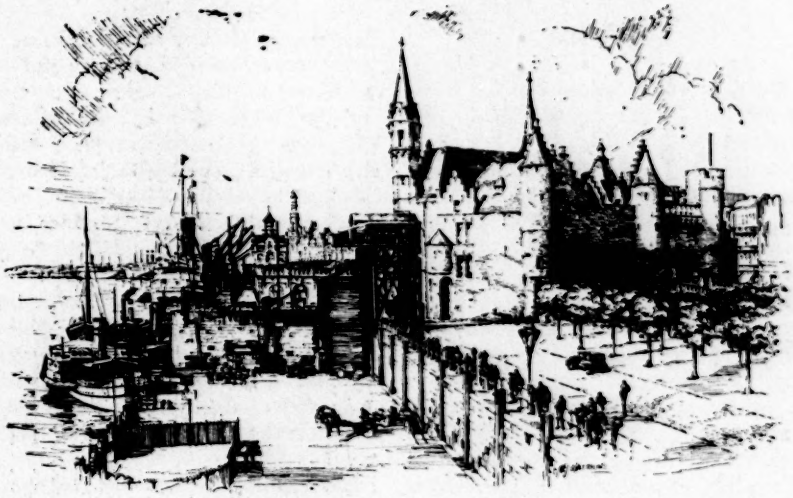
THE AGRICULTURAL MACHINERY INDUSTRY. A. M. Roze. *Economic Review of the Soviet Union*, May 1. Statistics showing increase in output of agricultural machinery and effects on imports. Significant trends pointed for U. S. machine exporters.

BOOKS

MERCHANDISING THROUGH MERGERS. John Allen Murphy. Harper, 179 pp., $3. Packed with recent examples to show effects of mergers on sales policies. Discriminating analysis of both failures and successes. Considers cooperation among independent firms as a substitute for consolidation.

PRECIOUS AND SEMI-PRECIOUS STONES. Michael Weinstein. Pitman, 133 pp., $2.25. Layman's handbook of the increasingly popular jewelry business.

TRADE ASSOCIATIONS: THEIR SERVICES TO INDUSTRY. Joseph H. Foth. Ronald, 338 pp., $4.50. Usual activities—legislation, trade relations, research, standardization, uniform cost accounting and statistics, trade promotion.



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Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

THE success or failure of the Young bond issue, now expected on financial markets between June 2 and 5, is of small consequence to business provided this unnecessary, untimely, and disturbing operation is completed at the soonest possible date. General business conditions have not improved. Accepting the premise that depression awaits the tonic of capital infusions, the next immediate question will be redistribution of capital after the bond issue is cleared away and the artificial preparatory conditions are normalized. There are many reasons to expect unusual financing activity will follow. Notwithstanding the exceptional recent demands on Europe's principal money markets, money rates have barely hardened and are still phenomenally low. England indicates plenty of reserve capital though buyers are selective, responding best to relatively high running returns and ignoring maturity yields. France is literally choked with excess funds and is increasingly forced to export. The government, with around $2 billions in treasury and sinking fund surpluses, is unable to accelerate amortization of the internal debt without adding to the general plethora and so risking inflation. It is logical to expect that issue banks in Western Europe will maintain the low bank rates, established preparatory to the marketing of the Young bonds, in order to facilitate the distribution of seaboard capital congestion over the deficiency of inland areas. Anticipated capital infusions may be expected to invigorate business, but any actual gain in weight and volume is a slower process dependent on world conditions.

By Special Cable to The Business Week

Great Britain—There is no appreciable change in the dull business outlook of recent weeks. Industry is little more than marking time though several raw material markets are active. Financial conditions, however, are steadying as French withdrawals of deposits end. The gold outflow, which cost the Bank of England $55 millions, has ceased except for possible further open market purchases. Sterling is improving. Money, which had tightened, has again relaxed. England consented to take $50 millions of Young bonds when France agreed to reduce its share in the proceeds in order to enable England to retain the total of its own subscriptions. Snowden, it is believed, is planning a large conversion operation to follow the Young bond issue. New issues during the week totaled $46 millions. That plenty of capital strength is available is indicated by the threefold oversubscription on the $35-million India loan, notwithstanding peninsular unrest; but erratic selectivity is shown in municipal offerings many of which are largely left on the hands of the underwriters. *The Financial News*, oldest financial daily, has launched an attack on stock exchange methods as being costly and cumbersome, and is urging reorganization after the New York model.

Event of the week is the announcement of the $40-million merger of 6 coal, iron, and steel companies embracing the Pearson & Knowles group of iron and coal companies, and the Wigan Coal & Iron Company. The Securities Management Trust, Inc., formed by the Bank of England last fall to promote industrial coordinations, will subscribe $2½ millions to the steel company, giving it majority voting control in both groups. Montagu Norman, governor of the Bank of England, will appoint the first directors of both groups and so is in a position virtually to dictate their future policy. Apart from the size of the merger, it is important as the first effort in England to link several united companies into one continuous producing chain involving also steel plant modernization. Extensions at the Partington Steel & Iron Company, one of the participants, will be made according to plans prepared by H. A. Brasser & Co., of Chicago. Unlike previous horizontal amalgamations, this merger segregates and combines into 2 separately managed but centrally controlled groups, the first, to be known as the Wigan Coal Corporation; the second, the Lancashire Steel Corporation. The former, however, is a subsidiary of the latter.

Compared with the statement last week by the German Minister of Labor that one-fifth the German nation is dependent on public support, due to increased unemployment, is the shrewd observation from one informed British observer that present statistics show one-sixth of the British nation (or 7 million persons) are recipients either of pensions or doles. Poor relief cost England during the year ending March 31, $800 millions, while the total of all charitable expenditures reached $1,800,000,000, or more than the total of income and surtax revenues. Unemployment shows no seasonal decline and now stands at 1,700,000. It is expected to reach 2,000,000 before Christmas, despite an elaborate public works program which will cost $475 millions and

Keystone

WELCOME COMMITTEE

Egyptian customs officials pry into a Packard just unloaded at Alexandria

provide employment to 380,000 men for one year.

By Special Cable to The Business Week

Germany — Business is in deep gloom. Expectations of substantial seasonal recovery are definitely disappointed. Instead, depression appears to be gaining. Only some minor industries are reporting improvement while steel has reached its lowest level since 1925. A new financial crisis is in prospect unless economic conditions experience greater improvement than they now promise. Continued peak unemployment is estimated to entail additional federal subsidies of a minimum of $70 millions. This makes an aggregate new prospective federal deficit of $120 millions. The increase in unemployment subsidies is considered unavoidable even if employers' and employees' wage contributions are raised from 3½% to 4½% as proposed. Business is profoundly discouraged at the prospect of a further increase in taxation and the possibility of the introduction of an emergency income surtax. There is a general feeling of disappointment and disgust at the political leadership reflected in the appeal to the German National Manufacturers Association urging business leaders to throw themselves into the country's political life.

In this atmosphere of business unhealthiness, the ½% reduction in the bank rate and the probability of another ½% cut after the Young bond issue, fails to have any stimulative effect. However, contrary to apprehensions that the bank rate reduction might occasion withdrawals of foreign short term funds, these credits are reported to be increasing and are estimated now to total $1,200,000,000.

The annual report shows that Lufthansa is enjoying a virtual monopoly of German air travel and that government subsidies, notwithstanding tentative reductions, still constitute three-quarters of the total receipts. The closing of 18 unprofitable short lines cut passenger traffic from 111,000 to 87,000, but freight and mail may show a slight increase.

By Special Cable to The Business Week

France—Reports of slackening activity multiply but business indicators still fail to reflect any material decline. Industrial production, notably of electric current, coal, iron, and steel are above the average. Railway movement, bank clearances, sales and tax revenues are little changed though slightly below boom levels of a year ago. Total April tax revenues are 11% below those of last year but are above budget estimates. The decrease in returns is probably due to nothing more than the effect of cumulative tax reductions which have become effective in the last 12 months. To be considered, however, is the fact that domestic consumption has absorbed the bulk of increased French production in the last two years. This, in turn, was the result of subnormal consumption during the preceding period of currency stabilization and stringency coinciding with the period of industrial modernization and expansion and reconstruction of devastated areas. The self-contained nature of French postwar economic life, with foreign trade, unless radically affected, of relatively secondary importance, explains the French resistance, so far, to general world depression. At the same time, it anticipates saturation of the domestic market which may bring France to a period of local depression just when the rest of the world is recovering.

The Standard Oil Company of New Jersey is reorganizing its network of subsidiary distributing companies in France under the Compagnie Standard Franco Americaine, which is increasing its capitalization. Agricultural pressure has resulted in a further increase in the wheat duty from $2 to $3.20 per 220 pounds. A new French and Belgian agreement presages a mail, later passenger, airline from Belgium and France to the Congo.

By Special Cable to The Business Week

Italy—Routine business is slightly improved. Unemployment continues to decline. The foreign trade deficit for the first 4 months was $59 millions below the deficit last year, but imports are still nearly 50% in excess of exports. Crop prospects are suffering under continued cold rains. Money is easier. A syndicate which includes the Banca Commerciale has underwritten a $2½-million loan at 6% for the Rinascente chain of department stores. Three of the largest Adriatic ship yards have merged: Cantiere Navale at Monfalcone, and Cantiere San Rocco, and Cantiere San Marco, both at Trieste.

By Special Cable to The Business Week

Belgium—The general situation is calm but production is contracting and unemployment is beginning to increase. Prospects for the balance of the year are uncertain and there are possibilities that there may be something of a crisis. Pithead coal stocks have crossed 1½ million tons, which compares with April production of 2¼ millions. Immediate stocks are not yet serious but further increases will be. April showed definite

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decreases in the production of coke, pig iron, raw steel, and wool products. Exports of window glass in the first quarter were 40% below the average for 1929; plate glass exports were also down though cartelization of the industry has kept profitable price levels.

LATIN AMERICA

Business in general is featureless. Restoration of diplomatic relations between Bolivia and Paraguay erases the last serious boundary dispute in the Latin world. Santiago, Chile, continues its program of public improvement; has arranged a $2,200,000 loan from Hallgarten & Co. and Kissel, Kinnicutt & Co., the bonds to be offered on the New York market soon. In Colombia, business is quiet but the financial situation seems to be clearing. Brazil celebrated the tour of the *Graf Zeppelin* by closing shop in each city visited. Cuba's new tariff imposes stiff increases of duties on many United States products.

Three Latin American presidents will return President Hoover's formal call, made in 1928. Dr. Olaya, president-elect in Colombia, is being feted in New York previous to his departure for Bogota. Dr. Julio Prestes, Brazil's choice for the presidency, is on his way to the United States. He will visit in Washington and study economic conditions in the Middle West. Rafael Trujillo, president-elect of the Dominican Republic, plans to visit this country and may arrive in Washington in time to share honors with his two Latin American colleagues. Business considers these visits omens of closer trade relations in the future, points to increasing number of bank officials and industrialists who are in this country now: Mr. F. Silveira, manager of the foreign department of the Banco de la Republica Oriental del Uruguay, from Montevideo; Mr. Bernardo Hunt, ex-secretary of the London agency of the Banco de Chile, from Valparaiso, who is studying the trust functions of a bank under the United States plan; Dr. Jorge A. Robirosa, director of one of the largest insurance companies in Argentina; and Dr. Tornquist, private banker in Buenos Aires.

Mexico—Oil producers are encouraged at the speed with which the government is carrying out the provisions of the petroleum laws, recently put in order. More than 200 important producers have received definite settlement on claims, many of them made by United States operators.

What the Figures Show

THERE was considerable backsliding in the process of business recovery during the past two weeks. The influence of seasonal slackening in industrial activity is more apparent. General trade shows no marked improvement, and prices continue weak.

The irregularity in the process of recovery is evident in the course of *The Business Week's* index of general business activity during the past two months. The preliminary index for the week ended May 24 has declined again to 94.6% of normal as compared with the final revised figure of 97.5% for the preceding week. In the corresponding week last year the index was 107.7% of normal. As in the case of the rise in the index last week, so the decline this week may be a temporary fluctuation. It still leaves the general trend of the index slightly upward—though so slightly that the rate of improvement is somewhat disappointing.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	Latest Week	Preceding Week	Year Ago
	*94.6	‡97.5	107.7
Production			
Steel Mill Operation (% capacity)	74	75	95
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$18,233	$19,645	$19,971
Bituminous Coal (daily average, 1,000 tons)	*1,359	‡1,381	1,510
Petroleum (daily average, 1,000 bbls.)	2,580	2,608	2,690
Total Electric Power (millions kw.-hr.)	*1,850	*1,855	1,850
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	155	156	174
Check Payments (outside N. Y. City, millions)	$5,541	$5,486	$6,180
Wheat Receipts (1,000 bushels)	3,058	3,048	4,079
Cotton Receipts (1,000 bales)	127	129	97
Cattle Receipts (1,000 head)	*146	‡150	146
Hog Receipts (1,000 head)	*491	‡512	520
Wool Receipts (1,000 lbs.)	5,689	6,160	7,138
Prices (Average for the Week)			
Wheat (No.2, hard winter, Kansas City, bu.)	$1.00	$ .98	$1.00
Cotton (middling, New York, lb.)	$ .164	$ .164	$ .196
Iron and Steel (composite, ton)	$33.56	$33.56	$37.10
Copper (electrolytic, lb.)	$ .128	$ .127	$ .178
All Commodities (Fisher's Index, 1926-100)	88.4	88.7	95.9
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,806	$16,806	$16,187
Commercial Loans, Federal Reserve member banks (millions)	$8,484	$8,560	$9,043
Brokers' Loans, New York Federal Reserve member banks (millions)		$4,015	$5,288
Federal Reserve System Ratio		83.5	74.5
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	12,997	14,457	21,362
Stock Prices (N. Y. Times, average 50 stocks)	$224.98	$228.08	$242.63
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$46,273	$47,002	$56,318
Bond Prices (Dow, Jones, average 40 bonds)	$95.19	$95.17	$93.93
Interest Rates—Call Loans (daily average)	3.0%	3.0%	6.6%
Interest Rates—Time Loans (daily average)	3½-3½%	3½-3½%	9%
Business Failures (Dun, number)	480	517	410

*Preliminary ‡Revised

Steel Activity Declining

Steel ingot production again declined and is slightly below 74% of capacity as compared with 75% in the preceding week. There has been a slight shading of activity in the Steel Corporation, and independents are down from about 70% to 69%.

The decline in steel activity has been very regular since the third week in April. The rate of decline is about the same as last year at this time and much less than in 1928. At present steel seems to be headed for a 70% rate by about the middle of July, but the hope is that activity will hold somewhat above the seasonal level, as it is now doing. The psychological effect of declining steel activity at this time, together with weakness in steel prices, extending from finished products to scrap, is somewhat depressing; but, as a matter of fact, steel ingot production is now running nearly 2% above normal for the season and the year, according to our index. When account is taken of the usual seasonal decline, steel production has really been rising fairly steadily during the past nine weeks. The decline from now on may be more in accord with the seasonal movement because automobile production is probably past its peak.

The decline in steel production in the United States from the high levels of last year by about 12% during the first quarter, has been larger than in most European countries except Italy and Poland. In fact, in some of these countries there was an actual increase as compared with 1929. This may suggest that what we are calling a world-wide business depression is in larger part little more than a readjustment in the United States from super-normal levels of activity.

Building Still Slow

General building construction has shown scarcely any upward trend since the end of March. Our four-weeks moving daily average is down again for the latest week and shows a level about 9% below 1929. Building is thus still fairly close to last year's levels. It is evident that construction financed by public money and corporate security issues is still the main source of support. Public works and utilities contracts for the first four months of this year were 30% higher than in 1929, and probably reflect a considerable measure of co-operation of local governments and business interests with the President's efforts to stimulate business. Most of this gain in public work is due to increased highway construction, which has doubtless helped stimulate seasonal employment. *The Business Week's* index of the volume of construction activity, adjusted for seasonal fluctuations and year-to-year growth, is nearly 17% below normal.

The rate of bituminous coal production continues to decline for the

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 31.

second consecutive week, somewhat against the usual seasonal movement, and is below the 1928 level. Our index, taking account of seasonal factors and year-to-year growth, indicates that coal production is more than 23% below normal. Petroleum production declined for the week and is at the lowest rate since the middle of April.

Electric Power

Electric power production fell off for the latest week and has failed to show the seasonal rise usual during the first part of May. It continues practically at the level of a year ago, but according to our index is still nearly 2.5% above normal for the season and the year.

Commodity prices continue to decline slowly, but with some signs of increased steadiness. Wheat was slightly stronger on the average in the past week and at the same level as a year ago, after the sharp slump in prices which then took place. In 1928 at this time wheat prices were practically at a peak of nearly $1.70. The current outlook is uncertain, dependent upon crop prospects which change from day to day. The cotton price continues steady. Iron and steel prices seem a bit stronger, the composite remaining unchanged. Copper remains steady at the 13-cent level, but with continued slackness in demand.

The Fisher all-commodity index, as well as the National Fertilizer Association index, has declined further, but slightly, for the week. Signs of strengthening in raw material prices are the most encouraging feature of the price situation.

The general trade indicators make a poor showing this week. Total carloadings have declined again, somewhat contrary to the usual movement at this season, and are still running about 11% below last year and 7% below 1928 levels. The usual April rise in carloadings this year has been disappointingly small. Non-bulk loadings have declined for the second consecutive week and are 8.5% below 1929 and 6.2% below 1928. Our index, based on this group of carloadings, is more than 10% below normal.

Carloadings Compared

Comparison of carloadings for the year to date by classes of commodities shows that the largest declines below last year have taken place in ore, coke and forest products. In comparison with 1928, the chief losses are in forest products, grain and livestock. The vital classifications of merchandise and miscellaneous loadings do not show generally very large declines in comparison with the past two years.

Check payments in cities outside of New York rose somewhat for the week but remain over 10% below last year, and according to our index are just about at the normal level for the season and the year. In 131 cities outside the main financial centers, check payments declined for the week and were about 10% below last year.

Commercial loans of reporting Federal Reserve member banks declined sharply again and in amount are below the levels of the past three years. Our index, taking account of seasonal influences, year-to-year growth and the decline in wholesale commodity prices, is only about 1% below normal.

The amount of currency in circulation declined for the week, and according to our index is more than 3% below normal for the season and the year.

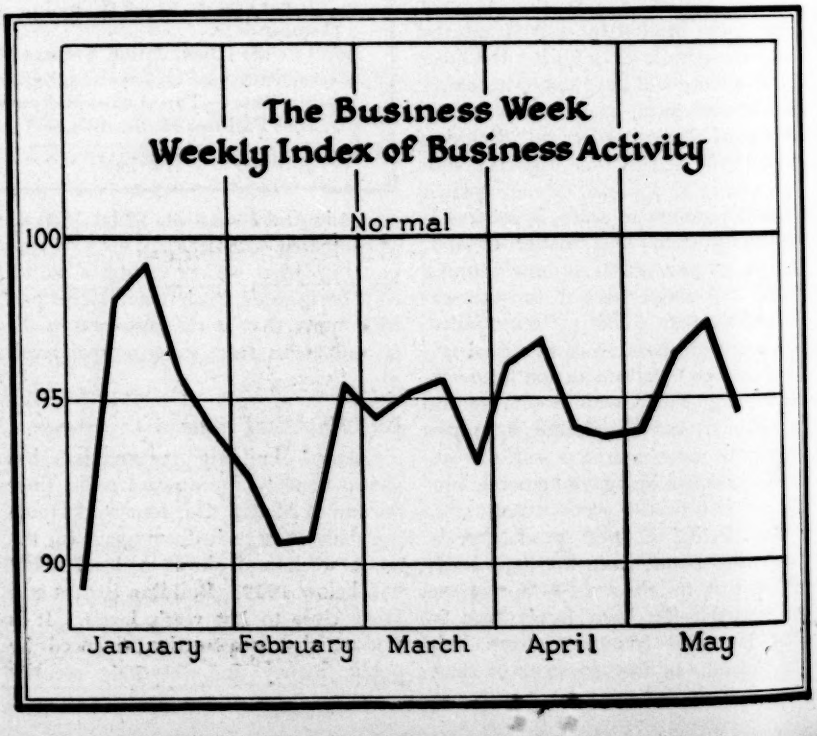
The number of business failures fell off in accordance with the usual movement for the week but remains above the levels of the past two years.

The most recent indications of retail trade and employment conditions are not encouraging. Sears, Roebuck sales, on the new-calendar month from April 24 to May 21, were 6.1% below the corresponding period of 1929. For the 5 new-calendar monthly periods this year up to May 21, sales were 2.3% below last year.

Unemployment Fluctuates

Unemployment among trade union members during May was 20% as compared with 21% in April. Considerable decline in the unemployment percentage was noted in the building trades, but the percentage was higher in the metal trades and other lines. The American Federation of Labor says the last two months have failed to show the usual spring improvement. Such improvement from March to May in 1928 was 5 times as great as in the same months this year.

Employment in 51 large Toledo plants, mainly automotive, during the week ended May 23 decreased over 700 from the preceding week.



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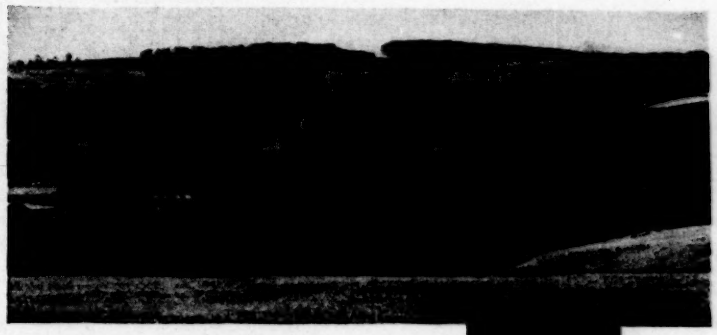

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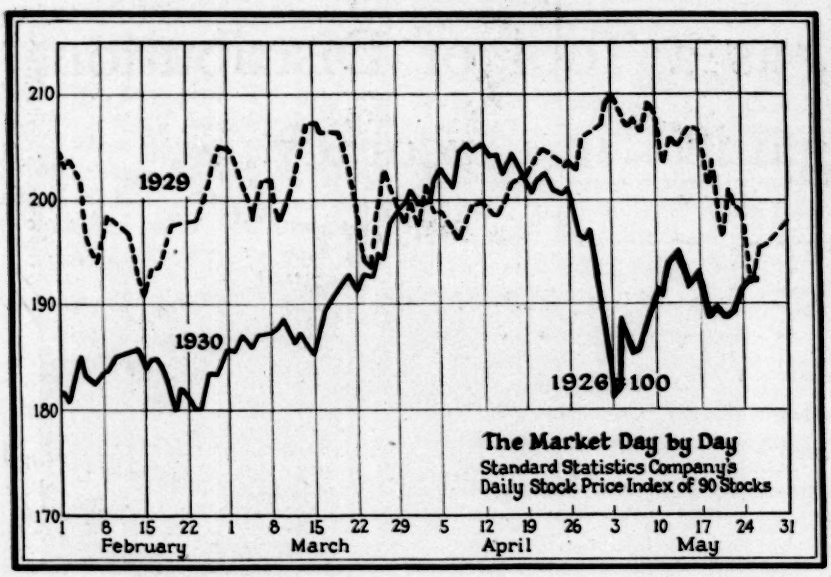
Money and the Market



THE stock market moved along to slightly higher prices this week. Extreme dullness continued, though, accentuated by the 3-day closing over Memorial Day. Floor traders played checkers Wednesday afternoon. Money eased a little more.

Anything like a definite pickup in the market seems increasingly unlikely until business takes a decided turn. More and more observers are saying that this development will come in the fall. Swings of the market since January 1 are shown in the table at the foot of this page.

Unfavorable Railroad Statements

Railroad stocks are now being bombarded by April earnings statements—unfavorable, as expected. The first 70 roads to report showed a decline in net of 33% from last year, and 8.4% from March. Gross earnings were only 12% below last year and less than 1% down from March. Maintenance of improvement, construction programs, wages, etc., proved costly to the roads.

More restrictions were put on investment trusts by the New York Stock Exchange this week. Drastic rules were promulgated against trading in their own stock, aimed at preventing manipulations. Provisions were also made for keeping the public informed as to the amount outstanding.

The New York utility field reported an interesting development during the week, believed to be a preliminary to a huge merger. Floyd L. Carlisle, chairman of the Board of the Niagara Hudson power concern, already on the board of directors of the National City Bank, was elected to the New York Edison Co. board. He is also a director of Consolidated Gas, controlled by New York Edison and its subsidiaries.

Commercial loans by reporting member banks dropped sharply again this week by $7,000,000. Coincident with a big drop in currency circulation, it reflects the combined dullness of business and weakness in prices. Security loans increased by the amount of the commercial loan decrease, and investments were up a little, bringing a rise in total credit.

The bond market did not show much change. The continued fattening of investment portfolios by banks is its chief support. Individual investors are not eager for bonds. For 10 consecutive weeks the banks have increased their investment holdings. The prospect of long-continued easy money has not had the expected stimulating effect on this market. Delay and hesitation, pending issuance of the reparations bonds, is also telling.

Reparations Bonds Issue

The reparations bonds are expected in the current week but, as this issue goes to press, the experts continue in conference in Paris, beset by many difficulties. Secret as is the meeting, it is known that no sooner is one question apparently settled than another arises. Bond allotments have been changed and now France and the United States tentatively are expected to take $82,500,000 each, and Britain $50,000,000.

An interest rate of 5½% has been rather definitely decided upon, but the issue price is a thorny problem. Taxation demands different prices in different markets, the bonds being subjected to a range of from 2½% in Switzerland to complete freedom in France. But each nation is jealous of the advantages given others. Even the question of collateral against the $100,000,000 of the issue to go to Germany, though settled long ago, has arisen anew.

While these problems will be worked out, feeling grows that the issue has been badly handled. The disagreements and delays have emphasized the political objectives. The difficulty arises from French desire to internationalize German indebtedness to her.

SWINGS OF THE STOCK MARKET IN 1930—TWO LEADING AVERAGES BY GROUPS*

	Rose	*Dropped*	*Rose*	*Dropped*	*Rose*
Industrial Stocks					
Standard Statistics (50)	20% to April 12	12% to May 3	7% to May 14	3% to May 19	2% to May 26
Dow Jones (30)	17% to April 17	12% to May 3	6% to May 14	3% to May 21	2% to May 26
Utility Stocks					
Standard Statistics (20)	34% to April 26	12% to May 3	10% to May 14	4% to May 21	1% to May 26
Dow Jones (20)	26% to April 15	13% to May 5	9% to May 14	4% to May 21	1% to May 26
Railroad Stocks					
Standard Statistics (20)	9% to March 29	10% to May 5	.....	.....	3% to May 26
Dow Jones (20)	9% to March 30	11% to May 5	.....	.....	4% to May 26

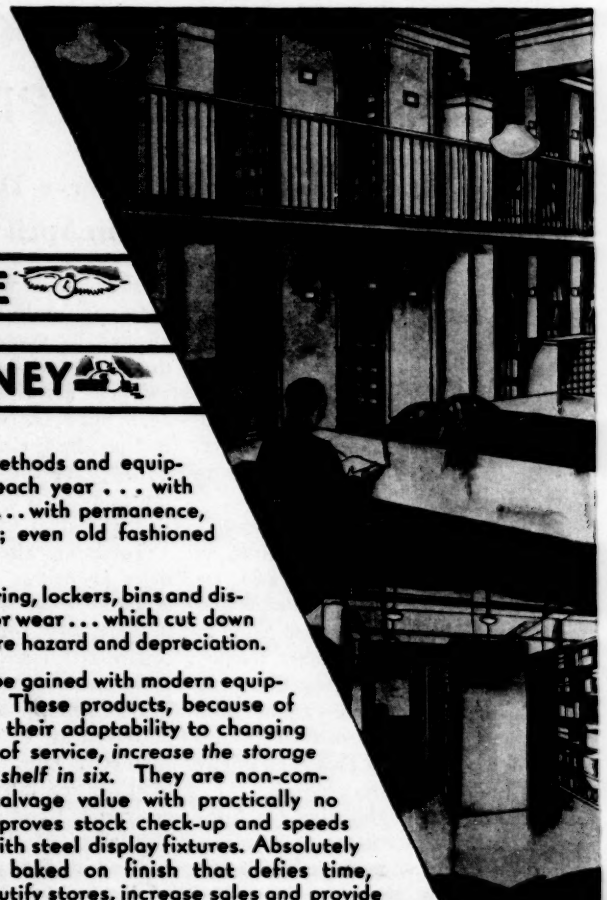
*Action of stocks by industrial groups is shown in more detail by Standard Statistics averages—showing recovery from the low prices reached on the break in the fall of 1929. Motion picture company stocks have gained most, standing about 80% above the levels of that time. Following this group in order come electrical equipment stocks, farm machinery, utilities and chemicals, ranging down to a gain of 30%.

Groups showing less than 20% gain from those low levels include department store securities, tires, office equipment, steel, railroad and chain store shares. Copper and mail order company stocks stand slightly below the prices of last autumn.

Save

SPACE LABOR TIME

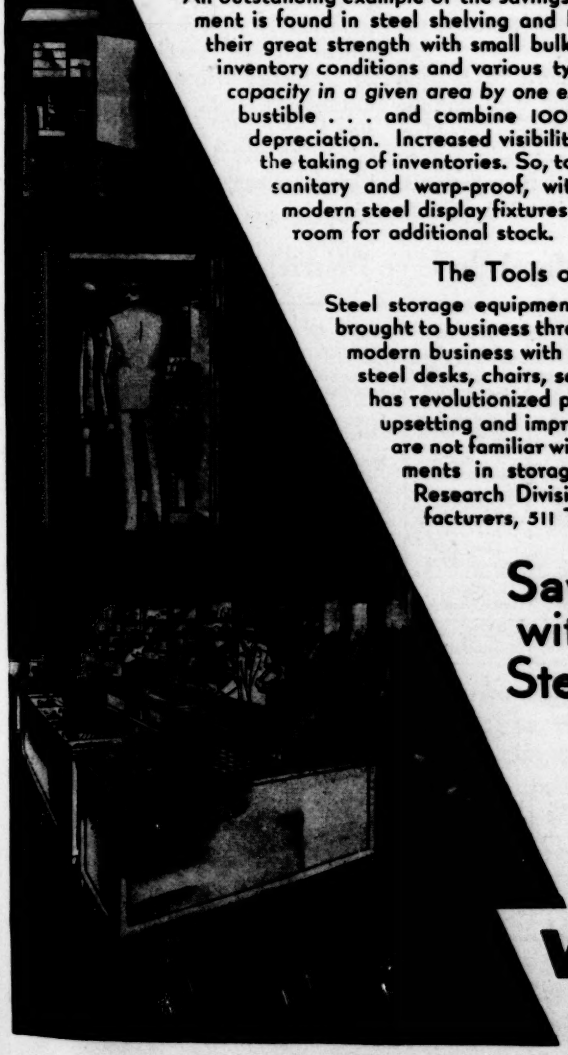
FIRE LOSS WEAR MONEY



Modern business cannot be hampered by antique methods and equipment. With floor space becoming more valuable each year . . . with accurate, speedy inventories an absolute necessity . . . with permanence, fire safety and adaptability prime requirements; even old fashioned storage and display methods had to go.

The answer to this need was found in steel shelving, lockers, bins and display fixtures . . . products which do not warp or wear . . . which cut down storage and display space . . . which reduce fire hazard and depreciation.

An outstanding example of the savings to be gained with modern equipment is found in steel shelving and bins. These products, because of their great strength with small bulk . . . their adaptability to changing inventory conditions and various types of service, *increase the storage capacity in a given area by one extra shelf in six.* They are non-combustible . . . and combine 100% salvage value with practically no depreciation. Increased visibility improves stock check-up and speeds the taking of inventories. So, too, with steel display fixtures. Absolutely sanitary and warp-proof, with a baked on finish that defies time, modern steel display fixtures beautify stores, increase sales and provide room for additional stock.



The Tools of Modern Business Are Steel

Steel storage equipment performance is typical of the many savings brought to business through the use of steel products. For steel provides modern business with such serviceable tools as steel filing equipment, steel desks, chairs, safes, partitions and lockers. Just as pressed steel has revolutionized production in the plant, so is steel office equipment upsetting and improving upon old office methods of operation. If you are not familiar with the savings to be obtained from the latest developments in storage, filing, display and office equipment, write Trade Research Division, National Association of Flat Rolled Steel Manufacturers, 511 Terminal Tower Building, Cleveland, Ohio.

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Pressed Steel saves weight and machining expense. Reduces costs and breakage.

Steel Lath saves fire loss — redecorating expense. Provides greater beauty — eliminates cracks and lath streaks.

with Steel

SHELVING·BINS·LOCKERS·DISPLAY FIXTURES

Regional Reports Now Confirm First Signs of Spring Pick-up

Complete Data from Federal Reserve Districts Show That Business Went Ahead in April

THE increased business activity in April, especially along merchandising lines, which was indicated in earlier reports, spread itself through most sections of the country. Complete statistical material now available enables *The Business Week* to round out for all districts the April business picture sketched in previous issues.

In *The Business Week's* monthly table below the full story is given in summary. Comparisons in this table are with March conditions, unless otherwise indicated. No adjustments are made to take care of seasonal or other fluctuations, all comparisons being direct, so that increases shown in various lines are, in part, due to the seasonal pick-up from March to April. This is especially true of building contract figures.

The most encouraging sign for April was the pick-up in volume of payments in most districts as compared with last year's showing at the same time. The most favorable comparisons with April a year ago were found in districts little affected by speculation. For example, the Richmond Reserve district recorded a volume of checks above that of a year ago. But speculation has a decided effect on check totals, so New York and Philadelphia showed a heavy decline at this point directly traceable to the recession in market activity.

Totals are also driven down with a drop in prices. This drop influences April showings on checks and accounts in some part for the April decline in commercial loans and amount of currency outstanding. The recorded growth in time deposits must be referred to the decreased use of funds.

Interest rates continued to ease in most districts throughout April, and the downward trend carried over into May. The effect of the heavy reduction in rates which has taken place in the open market in New York is still spreading out into other districts. The continuation of this spread depends on the maintenance of low rates in Manhattan but the process appears likely to go on for a long time.

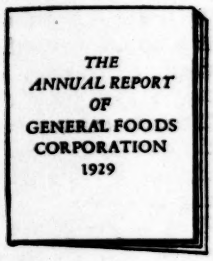
Rumbles of dissatisfaction with banking conditions are still heard in several districts. "Business having New York connections is getting the benefit of lower rates, stock listed on the New York Stock Exchange are favored collateral." Samuel Insull has been heard protesting vigorously to Chicago bankers over this situation.

Reports on employment conditions are still incomplete. Rhode Island labor statistics showed in April a drop of 4.3% from the March total of employed; but Cleveland reported an increase of 0.7% after a drop of 0.6% from February to March, and its Chamber of Commerce finds that the outlook is for more employment, though with a downward trend in payrolls. In California, April brought little change in employment conditions, still comparing unfavorably with those of a year ago when average weekly earnings were 1.1% higher than in April, 1930. But California's public utilities are an exception to the rule, reporting 10.8% more labor, 12.3% higher payrolls, 1.3% higher average weekly pay per employee.

Survey of Business by Federal Reserve Districts

Federal Reserve Districts	*General Business*	*Commercial Loans*	*Time Deposits*	*Check Payments*	*Department Store Trade*	*Building Contracts*	*Commercial Failures*	*Savings Deposits*	*Life Insurance Sales*	*Interest Rates*
BOSTON	A little better	Down 3%	Increase, above 1929	Slightly larger	Considerable growth	Up; total above 1929	Fewer but slightly larger		$1,000,000 less	Easier
NEW YORK	Little cnange	Smaller	A little larger	Off 5%	Sizeable increase	Increase but below 1929	More but smaller	Minutely more	Down 9%	Easier
PHILADELPHIA	Little change	Unchanged; above 1929	Increase	9% less	Much larger	Up 40%; below 1929	Fewer but larger		Good increase	Less
CLEVELAND	Improved	Same	Growing	More	Bigger	Total less; residential up	Decided decrease	Increase by 0.5%	Down 5%	Very slightly less
RICHMOND	Some growth	Decrease	Increase	Off, but above 1929	Much more	Less, but above 1929	Liabilities 170% larger		Larger	Prime loans less
ATLANTA	No trend	No change	Same	Off a little	Somewhat better	Slight improvement	Big drop		11% Higher	Prime loans less
CHICAGO	Increase	Slightly larger	No change	Slight decline	Improved	Total up 10%; residential 36%	50% lower; double 1929	No change	Smaller	Slightly less
ST. LOUIS	Improved	A small decline	Unchanged	Off	Much better	Up; well below 1929	Liabilities larger		Some decrease	Easier
MINNEAPOLIS	Up seasonally	Down	Same	A little less	Increase	Total off; residential up	Fewer and smaller	Increasing	Off	Off 1%
KANSAS CITY	Unchanged	Off	Same	A little smaller	Better	Down 42%	Fewer but larger	Small increase	A little larger	Best paper easier
DALLAS	Little change	Less	Up; above 1929	Decidedly down	Improved	Residential up; total off	Up	1% increase	Slightly less	Same
SAN FRANCISCO	Activity about the same	Down, but above 1929	Larger; above 1929	Off	Larger		More but smaller	Slight decrease	Down	Lower
UNITED STATES	Very slightly better	Decrease 1.7%	Up 1.3%	Increase 4%	Much more active	Residential up 21%, total 5%	Fewer; and 15% smaller	Gradual increase	4% less	Easier

The Business Week summary from original material: Federal Reserve system statistics for department store sales, check payments, and reporting banks; cooperation of 10 Federal Reserve banks for districts noted for savings deposits and other indicators; building figures from F. W. Dodge, commercial failures from Dun's, and insurance data from Life Insurance Sales Research Bureau



That the public may know what 34,000 investors already know

General Foods Corporation *offers this booklet*

To THE majority of the investing public, the facts about General Foods Corporation's rise to its present position in the food industry are only partially known. And so now this company presents, in the form of an amplified annual statement, its history, products, policies, prospects, and earnings.

The practical-minded investor will find the record of earnings especially interesting. It shows that, since 1922, both the sales and earnings of General Foods Corporation have been enlarged 600%, and important economies in both manufacture and distribution have been effected. In the case of several products, prices have been reduced, and quality has been definitely improved.

These and other equally important facts about this company are stated in the booklet offered here. This booklet will be sent free to any interested person.

Write to General Foods Corporation

Department N

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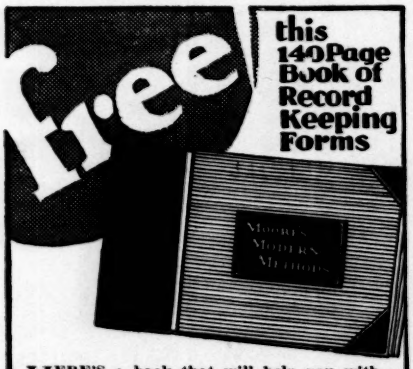

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The Dublin Letters

To Mr. Derby Thomas of the Dublin Advertising Agency — By Way of Introduction

Office of James W. Dublin
New York
September, 1927

My dear Derby:

For the past few years or so it has been my custom to write a letter to each new man at the time of his joining our organization.

If you were somebody else I would congratulate you on your opportunity. As my nephew I couldn't do it without coughing and getting red in the face. For both our sakes I am obliged to launch you by cracking a bottle of candid truth over your prow.

Working for your uncle is extra hazardous. He is apt to know too much about the family weaknesses and is certain to be opinionated about them. In return, the young man is prone to rate the old relative as a stuffed shirt and save his best wishes for strangers.

But that is not the headline feature. The big bid for grief lies back in the heads of uncle's hired hands. Way, way back where the suspicion cells cluster and even a $10 mind-reader can't penetrate. Organizations constitutionally do not like nephews. Just as the anti-liquor people think it isn't fair for Nature to encourage fermentation which leads to alcohol, so do organizations protest against the equally natural manifestation which leads to nephews.

For the moment we are both sitting in a tough spot. Insinuating a relative into the business picture is not unlike the diplomatic question of what to do with the cold leftover of yesterday's leg of lamb. You have to doll the darn thing up to get acceptance. I beseech your sprightly cooperation.

When I landed my first agency job and reported for work the boss shook hands with me, beamed on me cordially, led me to a little cubby-hole way down back, beamed on me again, and disappeared. For 60 days nobody seemed to know I was on the premises except the payroll clerk.

Naturally, I drifted around and tried to pin myself on somebody and beg for a piece of work to take a whack at. At the time my youthful mind figured out that this hire-'em-and-leave-'em method was a deliberate plot to see how much initiative I had. Now I know it wasn't even as intelligent as that.

We do things a little differently here. You're no stray cat in a strange back yard. Nephew or not, you are here at our express wish and on our *guess* that maybe you will amount to something.

The reason it is nothing more than a guess is because that's the only way unseasoned advertising talent can be picked. I have hired advertising men for 20 years and still have to fall back on the elemental scheme of betting six months' or a year's salary on a likely looking candidate.

When a young man like yourself comes our way all we can tell about him is that he appears bright—that is, he looks as if he had a head full of mental buds which may or may not bear advertising fruit.

The young man who spilt cigarette ashes on the desk you now occupy had plenty of mental buds and after eight months they opened up into a lot of purply blossoms that indicated he wanted to write daring modern literature. We didn't complain about it, but an advertising agency has a business side and only a limited amount of *guessing* money to spend per annum. You see we haven't the slightest idea what's in you and we start off together sharing your own personal hope and belief that it may be something. If there is something, you will be appropriately rewarded. We prefer raising your pay to guessing again on another man.

Right on the matter of pay one of the greatest trials of your life is bound to come to you in a year or so.

By then you will feel free and easy and you will know everybody's salary in the place. I have tried for years to keep salaries private around here, but can't seem to get any cooperation. You will even arrive at a pretty good estimate of what I drag down myself. These different incomes will look swollen alongside your own, and if you are still here a year from now, your contribution to the business will look somewhat larger in your own eyes than ours. You may think you're a double page spread and we may not be able to concede you more than 100 lines double-column although good position.

The pain in your bill-fold will also be increased by learning about some of your friends who kissed the dear Alma Mater good-bye the same year you did. You will hear that So-and-So is cleaning up five times your salary as a customer's man in a broker's office

I want to impart this thought to you, that we cannot compete with your whole college class in the matter of earnings and we cannot permit them to influence our ideas about salary. A few of your Frat brothers may go out and get theirs faster than you are getting yours—but you'll have to take that up with Prexy, not us.

Do not think we are hard hearted or tight fisted. We are just a group of industrious, honest citizens trying to avoid an argument—especially future ones at a time when we're just beginning to glue on to you and get a solid feeling about you.

Within a week or so I am going to assign you to some one here in the capacity of assistant. Just who I can't say just yet—but, confidentially, I think it would be better if you were hooked up with a non-collegian.

An education is a beautiful thing. Everybody should have one. But the man who is under the necessity of carving a living out of a resistant world cannot afford to flaunt a diploma around like a feather in the hat band of an Alpine yodeler. Somewhere along the line of the success process he has to start in to *apply* the education on the basis of its cash value. This means he has to get it in *focus*.

To take a general academic ideal and recast it into a practical, commercial ideal is quite a job in focusing. And this is why I think the non-collegian will be of first-rate help to you. He will give you realistic treatment. He will show you that college yells mean nothing—the yells of the clients everything.

And he will fortify two qualities in you which I am glad to credit your Alma Mater for having incubated—

(1) Intelligent fearlessness.

(2) The ability to do *connected* thinking.

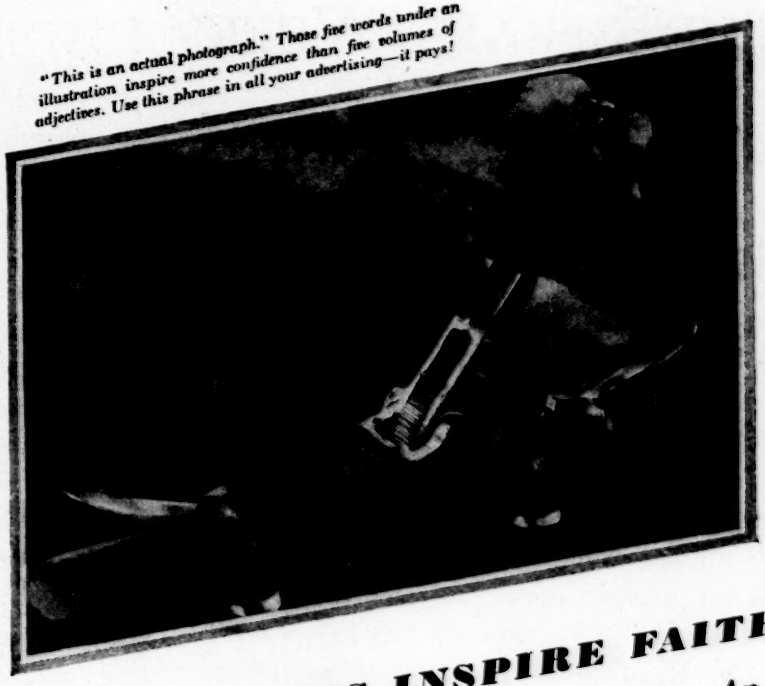
Both of these qualities are *rare*.

Because of the first you can walk right into the big office of a big executive, and his big Persian rug and his big mahogany desk won't give the sick feeling in your tummy that he's got something on you. To be immune from being knocked down by the effects of imposing scenery is a great asset.

Because of the second quality, people will begin to get a substantial feeling about you and start trusting you to do things that, at first, they said to themselves they wouldn't on account of your youth. Keep a lookout for this and see if it isn't so. Best of luck—

JAMES W. DUBLIN.

"This is an actual photograph." Those five words under an illustration inspire more confidence than five volumes of adjectives. Use this phrase in all your advertising—it pays!



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PHOTOGRAPHERS ASSOCIATION OF AMERICA INTERNATIONAL

THE BUSINESS WEEK

The Journal of Business News and Interpretation

June 4, 1930

Sticklers for The Status Quo

WE can appreciate as well as anyone the nobility of being irreconcilable, declining to compromise, refusing to yield an inch, demanding nothing less than perfection and one hundred and ten per cent in everything. We recognize that the ideal of "bigger and better elephants" is probably a great and necessary inspiration in a country like Siam; and that Longfellow's poem "Excelsior" has probably been most uplifting to a nation of mountain climbers like Switzerland. But as we have grown older we have come to realize what a lot of hay it takes to feed even a small elephant; and no matter how much we try, excelsior doesn't mean anything but the stuff in which you pack china eggs, which not even the most uncompromising hen can hatch, and which usually get broken anyway.

So, when we hear people grousing and glooming about the business situation these days we wonder how soon they will give up trying to raise a herd of bigger and better elephants on excelsior, or trying to hatch spring chickens out of china eggs. The trouble with business, if any, is that in many lines it is still standing around sulking, disdaining to budge one step forward till it is assured that the good old days of 1928 and 1929 will be brought back pronto and with all the latest improvements. It just won't play at all till everything is put back in its place, as it was B.C., Before the Crash, and everybody can start again where he left off.

Now we are not so sure how good the good old days really were, or that they are going to be repeated very soon; but we do know that nobody is going to get back to them or to anywhere else merely by standing around waiting for the stage hands to shift the scene. We think it much more likely that one act of the play is over, the curtain fallen on it, and that a new and different stage is being set on which the drama of American business must be played out henceforth.

The new act, we suspect, is going to be quieter, but harder to play, and most of it will have to be done without the brass band. There will be some troublesome foreigners in the cast, and in the plot there will be a heavy mortgage to be lifted. No doubt, too, there will be many illusions lost and some virtue betrayed. Many of the old economic catchwords and political wisecracks, which made a great hit during the past two years, will have to be dropped.

But it won't be such a bad show at that unless we assume that business can't be happy any more when it's merely normal. Only those who insist upon a wedding, christening, or other climax in every act will be disappointed. The fact is that the present performance seems dull only because we've been let down—rather painlessly, at that—to the ordinary routine after two years or more of roughhouse, in which a set of Marx Brothers took charge of the economic scene.

The thing now is to learn our parts quickly, ring up the curtain, and take our cues. We can't hope to go on repeating the old lines, pulling the same rabbits out of the same hats. Business must learn some new business, now—nothing fancy, just plain.

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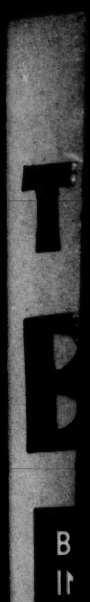
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